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Sustainability report

We have been reporting on our sustainability efforts in our annual report for ten years, and since 2015 we have been publishing our performance measures according to the EPRA Sustainability Best Practices Recommendations (sBPR). For this disclosure, we received the sBPR Gold Award from EPRA for the fourth time in a row in 2019.

Our 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.

Important activities in the reporting year:

- **Strengthening the sustainability organisation:** Based on our materiality analysis, we have given our internal sustainability organisation a broader and clearer structure. Sustainability data management was optimised and, in particular, we further improved the database for energy consumption and CO₂ emission calculation. We are pleased with the score A- in the Climate Change 2019 survey by CDP. This underlines the success of our longstanding efforts to reduce our CO₂ footprint.
- **Strengthening the sustainability communication:** For the fourth consecutive year, we received the EPRA Gold Award for our Sustainability Report. Furthermore, we greatly improved our score in the GRESB survey, and achieved Green Star status.
- **Tenant communication:** We have taken various measures to further strengthen the partnership with our tenants, to increase operational efficiency, and to offer support in the area of sustainability.
- **Enhancement:** In the case of existing properties, we have invested a lot in enhancing the surrounding areas, for example at the Richtipark Wallisellen, where we created an inviting green landscape park with native plants.
- **Employees:** In autumn 2019, our employees were asked in an anonymous survey based on the approach and theory of Great Place to Work® on workplace culture and employer attractiveness. Due to the very positive results, we were certified as a “Great Place to Work”.
- **Networking:** In 2019, we again participated in panels and commented several times in interviews on current topics and trends such as digitalisation in property management, sustainability in construction, workplaces of the future or requirements for work spaces. In this way, we contribute to social topics related to the property sector.

Focus for the 2020 financial year:

- **Definition of the new CO₂ target and CO₂ reduction path:** In 2020 we will communicate the new long-term CO₂ target and CO₂ reduction path.
- **Involvement of tenants in attaining sustainability goals:** We will involve selected tenants in various (pilot) projects in defining and working together to achieve sustainability goals.
- **Photovoltaics:** We will expand our own solar electricity production, and plan further projects.
- **District heating and cooling networks:** We are analysing additional possibilities for connecting our properties to existing and planned district heating and cooling networks.
- **Employees:** The employee survey has also identified areas with potential for improvement. We will analyse them in more detail and identify possible measures.

Stakeholder groups and materiality analysis

Creating added value is our declared goal. We achieve this goal with partnership solutions that are characterised by respect and mutual understanding – an attitude that applies to all our stakeholder groups.

Our success is based on sustainable thinking and responsible conduct. 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.

In the reporting year, we analysed whether the demands of our stakeholders and the impact of our work on the environment and society are adequately reflected in our business orientation. We have come to the conclusion that the various requirements of the stakeholder groups – also in terms of sustainability – cannot simply be quantified, weighted and put in a chart. In our materiality analysis we have therefore proceeded as follows:

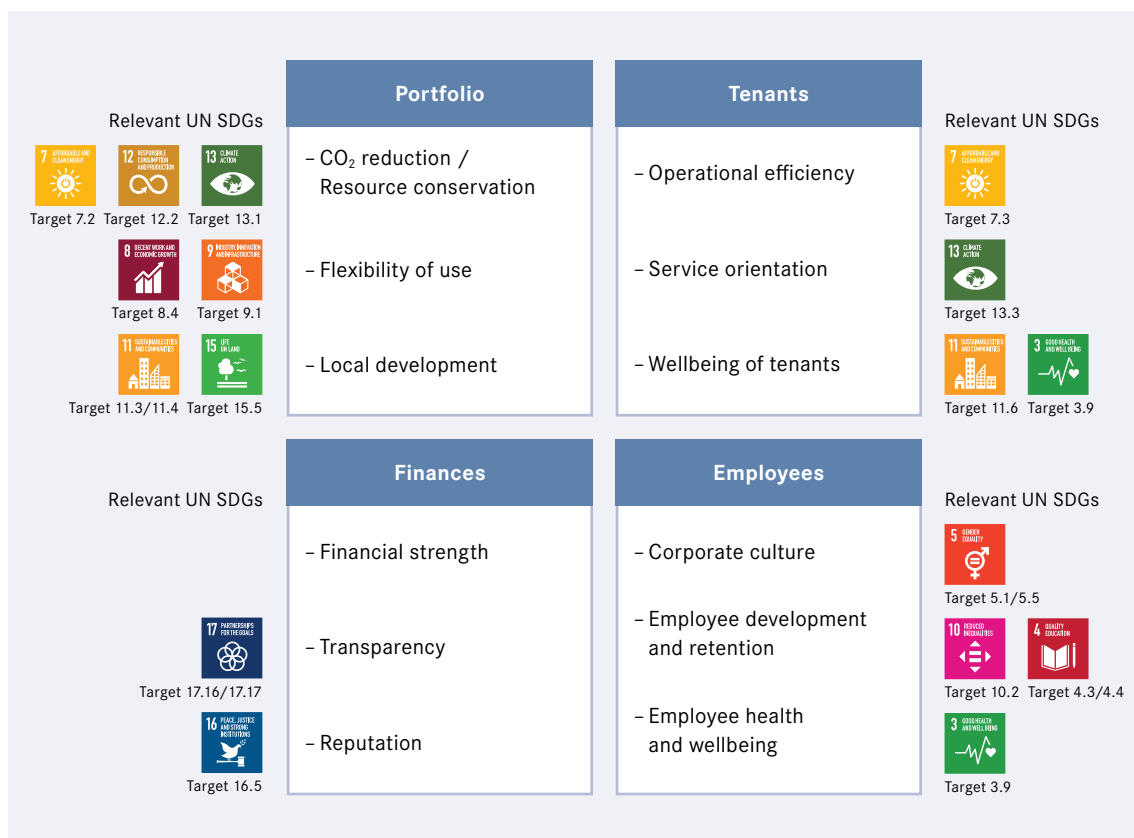
1. Register and assess the expectations and interests of our stakeholders:

- Employees
- Tenants
- Business partners
- Investors
- Public, politics and environment

We have recorded and analysed the essential requirements of our stakeholders by means of internal analyses, discussions and document evaluations (e.g. tenant surveys, external analyses of PSP). The assessment concerned our business activities in general, but we put a focus on sustainability. The demands of the environment cannot be directly recorded, but only through the voice of the stakeholders, mainly from the public, politicians and legislators as well as, to a lesser extent, investors, employees, tenants and business partners. However, clear identification of stakeholders' claims regarding the environmental impact of a sector or company is always delayed. This is also often the case for social concerns. In order not to overlook any important aspects, we therefore carried out an analysis of the most significant environmental and social impacts of our business activities. We have also considered in which areas we can and must make an effective contribution to the achievement of the UN Sustainable Development Goals (UN SDGs). Although we can directly or indirectly influence a large number of areas, we deliberately limit ourselves to those targets that have a direct connection to our business.

2. Identify comprehensive topics: We identified topics under which we were able to summarise the various stakeholders' requirements. For example, we grouped the tenants' desire for low ancillary expenses, the business partners' need for efficient cooperation, and our notions of effective management and cost control, under the topic "Operational efficiency". In the end, we defined 12 topics that cover the most important requirements and expectations.

3. Assign topics: We assigned the 12 topics to the four levels of our business activity. The topics mentioned first are considered to be important by several stakeholders or are crucial from an ecological point of view (such as CO₂ reduction and resource conservation). However, we consider all issues to be material.



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

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 a newly created position for communication and sustainability. We purposely did not create a separate CSR or sustainability committee. 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. One staff member in asset management and three staff members in the construction unit are technically responsible for ecological sustainability (concept, planning, control and analysis). Implementation is mainly in the hands of employees in property management and the construction unit, in close cooperation with the caretakers or facility managers. A graphic representation of the sustainability organisation can be found on our website.

www.psp.info/sustainability

The following is a summary of our sustainability-related goals and activities – divided according to the material topics with respect to our 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 44%.

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.

Reduction in CO₂ emissions and conservation of resources

Due to the considerable size of our property portfolio, we are well aware of our responsibility with regard ecological sustainability – especially when it comes to energy and resource efficiency. That is why it is important to us to keep our ecological footprint as small as possible. The reduction of our CO₂ emissions is of strategic importance to us.

CO₂ reduction target and CO₂ reduction path

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 were able to reduce our properties' specific emissions **from 21.1 to 11.7 kg CO₂e per square metre**. This amounts to a reduction of 44%. The corresponding saving of around 30 million kWh of heating and electrical energy is equivalent to the annual heating requirements of approximately 3 000 average single-family homes. We have clearly exceeded the five-year target of a 5% reduction set in 2015. We want to further reduce

the specific CO₂ emissions of our properties. Therefore, in the year 2020, we will define a new CO₂ reduction target and reduction path until 2050. In doing so, we will be guided on the one hand by international and national goals and framework conditions, but also by the actual conditions in the individual buildings. Consequently, we examine measures in the following areas and estimate their reduction potential:

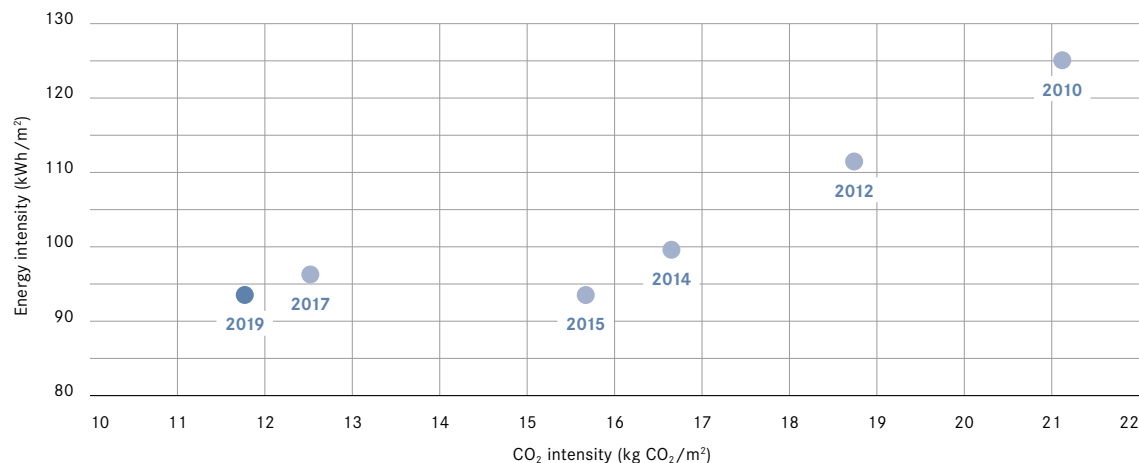
- Measures (partially) depending on the life cycle: heating replacement, energetic renovations (insulation, window replacements)
- Measures independent of the life cycle (e.g. lighting)
- Optimisation of operations
- Purchase of heating energy and electricity
- Own production of renewable energies
- Possible need for CO₂ compensation

Thereby, the reduction potential, the proportionality of investment costs and possible operational cost savings as well as the optimal timing of the relative measures must be taken into account.

Statements on our strategy and our measures regarding physical and transition risks related to climate change are provided in the next section. Further information can also be found in our responses to the Carbon Disclosure Project's (CDP) climate change questionnaire. These are publicly available.

www.cdp.net

CO₂ intensity vs. energy intensity



Careful use of resources and consideration of climate risks

We want to keep the environmental impact caused by the construction and operation of our buildings as low as possible. Therefore, we strive to treat both of land as a resource and building materials with care. Another aspect we take into account is the mobility that our buildings may trigger. At the same time, we also consider the extent to which environmental influences and climate risks affect our buildings. We therefore take environmental aspects into account in all phases of our business activities:

Acquisition of buildings

We examine potential purchase properties with regard to their environmental impact or possible exposure to physical risks. Access to public transport and the associated reduced traffic-related pollution are essential criteria. We also always take materialisation and energy efficiency into account. 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

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.

Sustainability and energy efficiency are key criteria for new buildings. In the case of new constructions and renovations, 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.

Considerations on energy efficiency and reduction in CO₂ emissions are important factors that also shape our long-term investment plan. This plan includes the conversion of heating systems to less CO₂-intensive systems (e.g. from oil or gas to district heating and heat pumps), the improvement of ventilation, air conditioning and control systems, as well as insulation and window replacements. We follow the Minergie standard for renovations, but do not necessarily aim for certification. We employ three full-time specialists in the field of

energy and 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 knowhow in energy and sustainability issues. For example, we are examining the possibility of using electrochromic windows to reduce the amount of cooling energy required. Such windows are designed to reflect infrared radiation and thus reduce heating, while at the same time allowing visible light to pass through if desired. This not only leads to a reduced need for cooling energy and lower maintenance costs, but also increases the wellbeing of the tenants.

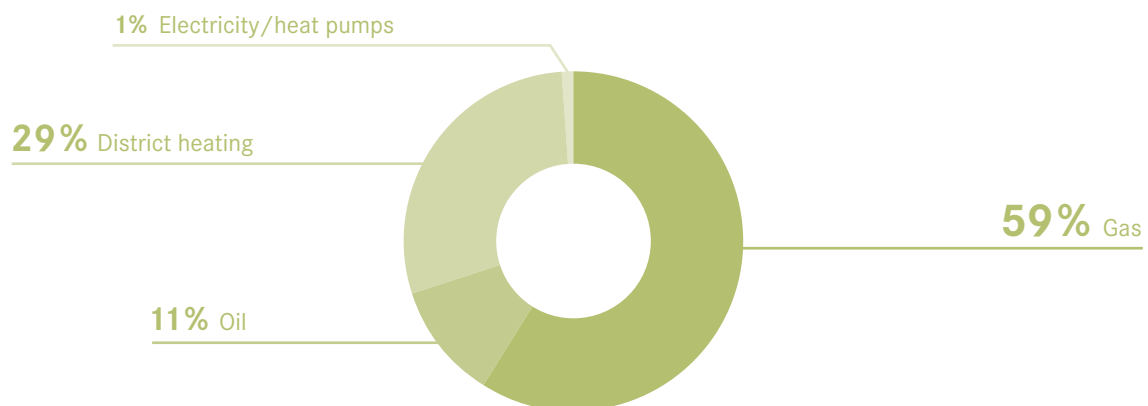
In 2019 we continued our proven approach. In this context, it is particularly worth mentioning the major renovations completed during the reporting year, as shown below. The stated quantities are estimates of the expected savings. These savings are not yet fully recorded in the figures for the reporting year.

- **Lighting systems:** In the underground car park of the property Hardturmstrasse 101–105 in Zurich, the old lighting system was replaced by a modern swarm-controlled LED system. We assume that this will save around 150 000 kWh of electricity per year in the future and reduce CO₂e emissions by around 5 tonnes.

- **Building envelope and building services:** At Bahnhofstrasse 28a in Zurich, the windows and ventilation were replaced. This will enable us to reduce the heating energy requirement by approximately 80 000 kWh per year, which corresponds to a reduction in CO₂e emissions of about 15 tonnes. At Seefeldstrasse 123, also in Zurich, we were able to save approximately 365 000 kWh or 65 tonnes of CO₂e by replacing the lighting, window seals, and cold pumps.
- **Heating systems:** In addition to numerous minor renovations of ventilation and air conditioning systems in various properties, we achieved a reduction in heating consumption of approximately 20% through modernisation and partial optimisation at our property at Hardturmstrasse 169 in Zurich. For this large property, this means a saving of 255 000 kWh and a corresponding reduction in CO₂e emissions of approximately 30 tonnes in the reporting year. A further reduction will be evident next year.

In inner cities, it is not always possible to implement all the desired measures for better energy efficiency. On the other hand, such properties are fully accessible by public transport, which leads to a correspondingly low traffic-related environmental impact.

Energy sources for heating 2019



Property management

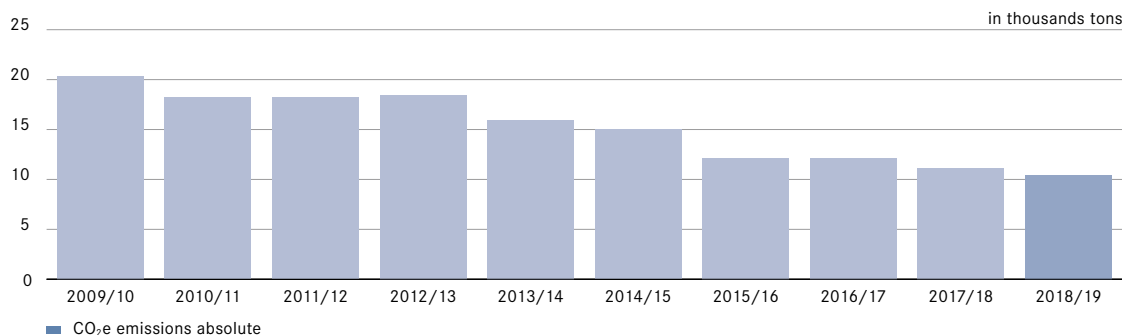
PSP Swiss Property attaches great importance to well-maintained buildings. A suitable measurement is an important prerequisite for optimising operations, including energy efficiency. We are therefore continuously expanding our smart metering and monitoring functions. Further information on our operational measures can be found in the section “Operational Efficiency” on page 184.

Purchase of heating energy and electricity

With our clear focus on CO₂ reduction, we continuously optimise our contracts with energy suppliers (electricity, gas, district heating) regarding the share of renewable energies. Since 2014, we have been pooling the electricity purchases for our larger properties, at lower cost and exclusively from renewable sources, primarily hydroelectric power. We already **cover 98% of the electricity demand for our entire portfolio with renewable energy**. For district heating and cooling, the share is 45%. It should be mentioned that we classify only 50% of waste incineration as “renewable” (see also delimitations and explanations on page 205).

For fuels, 6% are also renewable (biogas). We closely follow the development of existing district heating and cooling networks and the planning of new ones in the service area of our properties in order to align our long-term planning for the replacement of heating and cooling systems. At the moment, for example, great efforts are being made in the cities of Geneva and Zurich to implement inner-city energy networks using lake water. This involves taking advantage of the consistent temperature of the deep water in lakes for heating and cooling purposes. Depending on the network, heat pumps are integrated into the system either on or off premise in order to achieve the desired temperature levels. The greatest challenge here is usually the timeline. From our side, we determine a renovation cycle for our properties. The planning and expansion of the energy networks does not always correspond to this cycle. Accordingly, we try to find and define mutually acceptable transitional solutions at an early stage.

CO₂e emissions absolute



The figures for 2017/18 and 2018/19 have been restated (see delimitations and explanations page 205).

Impact of the measures on consumption and CO₂ emissions

In the reporting year, we made a number of improvements to the collection and storage of our energy consumption and CO₂ emission data. As a result, we had to adjust the previous year's figures to the new database in order to enable a meaningful comparison. The comments below refer to the adjusted previous year's figures (see also delimitations and explanations on page 205). 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. 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 89.3 million kWh to 83.1 million kWh in 2019. This 7.6% reduction compared to the previous year resulted in a 6.6% reduction in CO₂e emissions, or 741 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 203).

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 2.6% from 96 kWh/m² to 93.5 kWh/m² in 2019. As a result, CO₂e emissions decreased by 2.2% from 12 kg CO₂e/m² to 11.7 kg CO₂e/m².

- The **temperature conditions** also have an influence on the consumption of a particular year. The so-called heating degree days allow conclusions to be drawn about weather conditions-related heating energy consumption.

Years can be compared more easily if adjusted for the heating degree days. Adjusted for heating degree days, our energy consumption fell from 92.6 kWh/m² to 89 kWh/m² in 2019, which is **4% lower than in the previous year**.

- **A reduction in the vacancy** usually increases energy and water consumption, both in absolute terms and per square metre of rental space. This has a negative impact on the key figures, but is in fact a positive development from both an economic and a sustainability point of view, as the rental space is used better and more efficiently. In the reporting year¹, we reduced vacancies from 6.8% to 4%. This corresponds to an increase of the heated floor area of approximately 3%. We therefore estimate that without measures on our part, this would have increased energy consumption by the same percentage (3%).
- Adjusted for heating degree days and vacancies, we can therefore conclude that we have **achieved an improvement of over 6% thanks to our measures**. Most of the improvement is attributable to measures in the consumption of heating energy.

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 electricity consumption by 4.4% and heat consumption by 3.9% compared to the previous year. The resulting 4% reduction in total energy consumption from 84 611 MWh to 81 313 MWh led to **a 3.6% reduction in CO₂e emissions. This corresponds to 366 tonnes of CO₂e**.

¹ The reporting year i.e. measurement period for the environmental key figures is 01.07.2018 - 30.06.2019. The vacancy rate on 31.12.19 stood at 3.5%.

- Adjusted for heating degree days, energy consumption in the “like-for-like” portfolio amounted to 77 369 MWh. Compared to the previous year’s consumption of 81 633 MWh adjusted for heating degree days, this represents a **reduction of 5.2%**.
- Considering that the heated floor area in the like-for-like portfolio was also increased by approximately 3% due to reduction of vacancies, we can conclude that we **achieved savings of at least 8%** through measures taken during operation. This applies, for instance, to operational optimisations, renewal of technical equipment, or measures in insulation and window replacement.

Environmental performance measures page 198: Electricity, District heating and cooling, Fuels (oil/gas)

Environmental performance measures page 198: Greenhouse gas emissions Scope 1, 2 and 3

Environmental performance measures page 198: Energy intensity, Greenhouse gas intensity

Own photovoltaic production

We also rely on energy production from renewable sources such as solar electricity, so that our tenants can benefit from clean electricity and favourable costs. At the “Grosspeter Tower” in Basel, we have put into operation a photovoltaic system integrated into the façade and another one installed on the roof. The first two years of operation show that the expected annual yield of approximately 260 MWh per year can be achieved. We established the model of a property producing its own energy at the end of 2018 in another property in Basel, and in the coming years we intend to implement further projects. This model foresees that the solar power produced is sold directly to the tenants. Such models make sense if the majority of the electricity produced can be absorbed by the tenants, so that only a small part of it has to be fed into the grid. In 2019, we commissioned a study by an external consulting company to determine the potential for solar power production in our portfolio. In the meantime, four additional installations are now in the planning stage.

In 2019, **we produced around 1 241 MWh of environmentally-friendly solar electricity with our own photovoltaic installations**, which corresponds to roughly 1.5% of our consumption. An inverter problem in our largest installation, however, caused a drop in our annual production to 10% below the previous year.

Certified buildings

A total of 6.4% 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 today.

In some cases, the costs of administrative requirements necessary for the “last mile” of certification are not reasonable. In those cases, the money saved is better invested in actual consumption-reducing measures. In the case of new buildings in particular, there is often a so-called **“performance gap”**: Once in operation, significantly more energy is consumed than predicted. We have set the goal of avoiding this “performance gap” wherever possible. Therefore, we regularly invest in the development of a comprehensive energy management system which allows a continuous energy analysis. In addition, we aim to keep energy consumption low and plant efficiency high by optimising the long-term 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. Further information on our consumption reduction measures can be found in the “Operational Efficiency” section on page 184.

Environmental performance measures page 198: Certified buildings

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. This enables new team structures, makes working hours more flexible, and opens the door to home-office solutions. The younger generation's call for work-life balance and the trend towards "portfolio careers" place further demands on buildings and infrastructure. An office is no longer just a workplace with a desk, but a meeting place where people exchange ideas and work together in constantly changing structures. This often leads to a reduced need for space but requires more flexibility in design.

In both new construction and renovations, we try to take these trends into account from the very beginning. For this purpose, we have **strengthened our capacity in the area of tenant fit-outs**. With the following measures we create more flexibility and thus a more careful use of resources:

- The traditional procedure for commercial properties is to rent out in shell. The tenants are responsible for the fit-out, which they can design according to their own wishes, possibly with the participation of the owners. This requires large investments in terms of financial means and resources. When the tenants move out, everything is often dismantled. 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, we think that providing a certain **basic infrastructure** is useful. Apart from heating, this includes ventilation, toilets, showers and, increasingly, also air-conditioning. A uniform system for power distribution in the basic construction, such as a double floor, supports the tenants with simple fit-outs 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 to move 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. In new buildings, flexibility is already integrated into the façade and column grid at the design stage. In existing buildings, the potential for increased flexibility is often determined by the construction method (e.g. solid or framed).
- We are making more room for flexible **cooperation and exchange**. Infrastructure for social contacts, mobility (e.g. bicycle parking spaces, charging stations for electric vehicles) and fitness is becoming increasingly important. In addition to cleverly designed space, additional **services** can be integrated where necessary and possible. An example would be a reception in the lobby, where services such as catering or the reservation of in-house conference rooms are offered. In this case, the right tenant mix also plays a decisive role.
- The importance of **co-working** is still growing. 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. In the newly renovated property at Hardturmstrasse 161, for example, Westhive complements the offer for flexible working and meeting rooms in Zurich-West. We are thus strengthening our competence in this interesting segment.

Local development

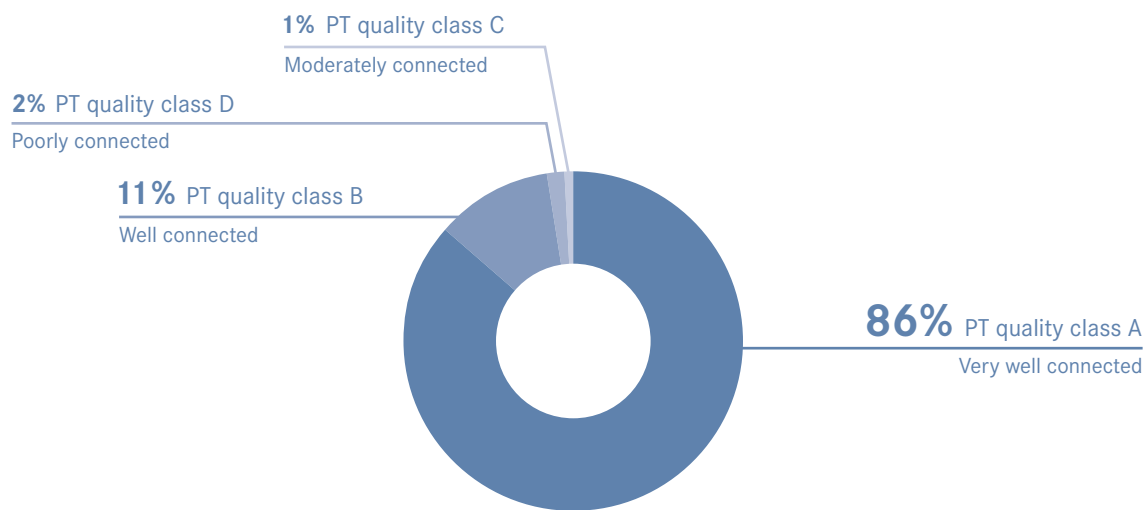
Most of our properties are positioned in central locations and are well connected to public transport. From a sustainability point of view, they are therefore generally well positioned, as they are accessible by environmentally-friendly mobility and do not contribute to urban sprawl. Due to their central 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.

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.

More than 85% of the buildings in our portfolio are located in areas with public transport access of class A, thus they are very well connected. According to the public transport quality class, less than 3% of our portfolio is moderately or poorly connected.



Source: INFOPLAN-ARE, opentransportdata.swiss

Preservation of historical properties

The urban location of our properties in large cities means that a considerable number of them are under historic preservation. The preservation of historical monuments is challenging in terms of energy and space efficiency goals. But it also shows that CO₂ reduction and energy efficiency are not the only important sustainability aspects of buildings. 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.

Enhancing the surroundings

Designing and enhancing the immediate vicinity of a property is a further element of great importance in the context of our responsibility towards the environment and the public. In the case of site developments, the inclusion of urban development plans and consideration of urban planning principles are predetermined. On such projects we work closely with public authorities, partners and the local population. The cooperative model encourages the development of solutions that generate long-term economic and social value and minimise the environmental impact. We take into account 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 urban identity.

Consideration of all the above-mentioned aspects in concert with the authorities and other interest groups has, for example, contributed to the decision to replace the former Orion buildings on Hardturmstrasse in Zurich with the **new ATMOS building**. Construction will be completed by early 2021. The two buildings, which were only 30 years old, were extremely restricted in terms of room height, layout, building services and energy efficiency, so that they could hardly be rented out or meaningfully converted. The new ATMOS building, which is now fully let and will meet the Minergie-P-Eco standard, will contribute to a sustainable, high-quality urban development and identity. With the building, new outdoor spaces will also be created, which will significantly enhance the surroundings. The new public square will become a welcome rest area and the pavilion on the square a meeting place for young and old.

In 2019, we also invested a lot in enhancing existing properties. In the **Richtipark Wallisellen**, a group of five representative and modern office properties, we redesigned the courtyards and improved the lighting. The result is an inviting, green landscape with shady seating for lunch breaks and play facilities. With native plants, we also fulfil ecological goals. In the Carbahaus in Zurich, attractive lighting will now provide inviting access even in the dark.

Benches and gazebos offer inviting outdoor seating, and the presence of native plants contributes to biodiversity. In the spirit of an artistic enhancement, we commissioned a graffiti artist to design the façade facing the platform on Gutenbergstrasse in Zurich, turning a back wall into an artistic object. A previously rather unattractive side of the building now becomes a visual focal point. This is great for waiting passengers and it also pleases our tenant, who operates a fitness centre.

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 with local communities and residents both during the construction project and operation. Effective communication and interaction with local stakeholders is essential, especially in new construction projects. That is why we conduct regular dialogues and information events. As a smaller company, however, we cannot 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. The association “Sollbruchstelle” has, for example, already carried out two projects in the field of “Art in dying buildings” in PSP Swiss Property buildings. In spring 2019, we made the former main theatre of the ABC cinema at Bahnhofplatz in Zurich available for the cinema festival “stattkino”. We also made an interim use possible at short notice for a film project in June in the former brewery building, the so-called “elephant”, on the Gurten site in Bern.

[Social performance measures page 201:](#)

[Community engagement](#)



Historic preservation as opportunity

Protected buildings are part of our cultural heritage and contribute to our sense of identity. With their preservation we can conserve an intangible value for society. These properties are also popular with tenants because of their uniqueness. As owners, we therefore bear a great responsibility, which we fulfil with the help of selected partners.





Tenants

Satisfied tenants are essential for the success of a property company. We want tenants who appreciate our services and our buildings and who can work productively inside them. This is why personal contact and partnership with our tenants are our top priority.

With our **own property management and our caretakers**, we want to offer our tenants the best possible conditions for their successful business activities – through customer proximity and with functional, flexible and attractive commercial spaces. In all these efforts we rely on the most efficient processes possible to ensure that our tenants also benefit from low costs. Due to our efforts in energy efficiency and CO₂ reduction, for example, we have already been able to save our tenants at least CHF 30 million in energy costs and CO₂ taxes since 2010.

Operational efficiency

Operational efficiency in the management and maintenance of our properties reduces our costs and ancillary expenses for our tenants. It avoids bureaucracy and duplication and improves our internal communication and the exchange with our tenants, as well as our business partners.

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.

Central energy control and alarm management system

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 also enables us to plan and implement measures in real time in order to **continuously** reduce energy and water consumption and consequently minimise CO₂ emissions. It also pays off economically, as it reduces ancillary expenses and offers tenants noticeable added value. And when heating costs and CO₂ charges decrease, tenants tend to accept higher net rents. Thus, ecological sustainability ultimately generates an “eco-return” for our company and our shareholders.

Optimisation of operations

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 technical acceptance of 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. Basically, all completed projects at PSP Swiss Property pass through this phase. For larger and more complex buildings we involve various external specialists. Currently, for example, the Grosspeter Tower in Basel and the office building at Hardturmstrasse 161 in Zurich are in this phase of operational optimisation. At Hardturmstrasse 161, we expect that the optimisation measures will reduce heating energy consumption by approximately 300 000 kWh and electricity consumption by approximately 150 000 kWh. This means a reduction in CO₂ emissions of almost 20 tonnes per year.

Energetic operational optimisation in existing buildings

During operation, problems with comfort or sudden increases in energy consumption cannot be completely excluded. There are many reasons for such events, for instance, a system defect. As owners, we strive to recognise these at an early stage and to take appropriate countermeasures immediately. At the Hürliemann site in Zurich, for example, a

steadily increasing energy consumption was detected. Due to the complexity of the energy network supplying the various buildings, we were unable to address the situation by adjusting parameters alone. We also had to make structural changes in the technical systems. Through targeted optimisation measures, we managed to reduce energy consumption over the entire site by approximately 1 400 000 kWh over the last two years. This corresponds to the heating energy consumption of over 120 single-family houses. By the same token, electricity use could be reduced by approximately 390 000 kWh.

Energetic operational optimisation as a permanent task

In 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 a 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, at the property at Bahnhofstrasse 10 in Zurich, we began optimising operations immediately after the renovation, in order to ensure that our tenants' comfort requirements were met promptly. In the meantime, this property is in regular operation and we are carrying out a small number of optimisation measures in the form of parameter adjustments when necessary. With the expansion of the salesroom, internal heat loads in this property had risen enormously, which led to a significantly higher cooling requirement and thus to increased electricity consumption. With the help of operational optimisation, the energy requirement can now be kept at a constant level.

At Hardturmstrasse 131–135 in Zurich, use has remained virtually unchanged since the renovation. In this case, energy consumption has been continuously reduced through ongoing operational optimisation. As a result, we were able to guarantee the comfort of the tenants at all times and reduce the annual energy consumption by a further 55 000 kWh since the renovation.

[Environmental performance measures page 198: Electricity, District heating and cooling, Fuels \(oil/gas\)](#)

[Environmental performance measures page 198: Greenhouse gas emissions Scope 1, 2 and 3](#)

[Environmental performance measures page 198: Energy intensity, Greenhouse gas intensity](#)

Water consumption

The specific water consumption in 2019 was 0.56 m³/m² (2018: 0.50 m³/m²). The increase in water consumption is due to a very specific renovation project at the thermal bath on the Hürlimann site in Zurich. This increased consumption compensated all other efforts to save water.

[Environmental performance measures page 198: Water consumption](#)

[Environmental performance measures page 198: Water intensity](#)

Waste prevention

We strive to raise awareness among our tenants in this regard and to provide suitable infrastructure for efficient waste disposal. However, we do not currently report waste indicators as we, as owners, have no direct influence on waste production. In Switzerland, waste management is organised at local level, and the disposal of waste as well as the payment of waste charges, based on the polluter-pays principle, are the responsibility of the tenants.

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.

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.**

As part of a cross-departmental project, we developed and analysed the “**Customer Journey Map**” together with an external partner in the reporting year. The “journey” of the tenants from first contact to rental contract or to moving out came from interviews with PSP Swiss Property customers and was compared with the corresponding activities and interactions on the owner side. Based on the identified challenges, we have developed possible adjustments for efficiency and quality improvements. 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. In the area of service orientation and tenant wellbeing, we will give priority to the following topics in the future:

- An important basis for a long-term relationship is the condition that the rental space is perfect for the tenant. This is in the interest of both parties, but also in the interest of the environment, because it eliminates the need for expensive and energy-intensive relocation. **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.
- We have already increased our capacity in the area of **tenant fit-outs**, in order to provide closer support to our tenants. Further efforts are planned to facilitate tenants' decision-making, make the process more efficient, and introduce sustainability considerations such as resource efficiency or wellbeing, health and safety at an early stage.
- Thanks to our **own property management**, we have a unique proximity to our tenants. We can support them efficiently and competently. After the comprehensive **customer survey** conducted in 2017, we have identified various focal points with a view to optimising our Customer Relationship Management (CRM); we have already introduced the first corresponding measures to improve CRM, such as institutionalised customer visits by our key account management. Digitalisation is also increasingly being used in property management, in order to be able to react faster and more specifically to any needs. A pilot programme with an app for recording tenant concerns has already brought positive results. We also want to make our **tenants more aware of sustainability** issues and increasingly involve them in our efforts, for example in the areas of energy optimisation and water saving. [Social performance measures page 201: H&S Impact assessments, and Number of incidents](#)





Sustainability in operation

The “Grosspeter Tower” has received various awards for its sustainable design. However, work doesn’t merely stop with the construction of a sustainable building. We have also initiated a systematic operational optimisation programme during the start-up phase that helps us to overcome the so-called “performance gap”.

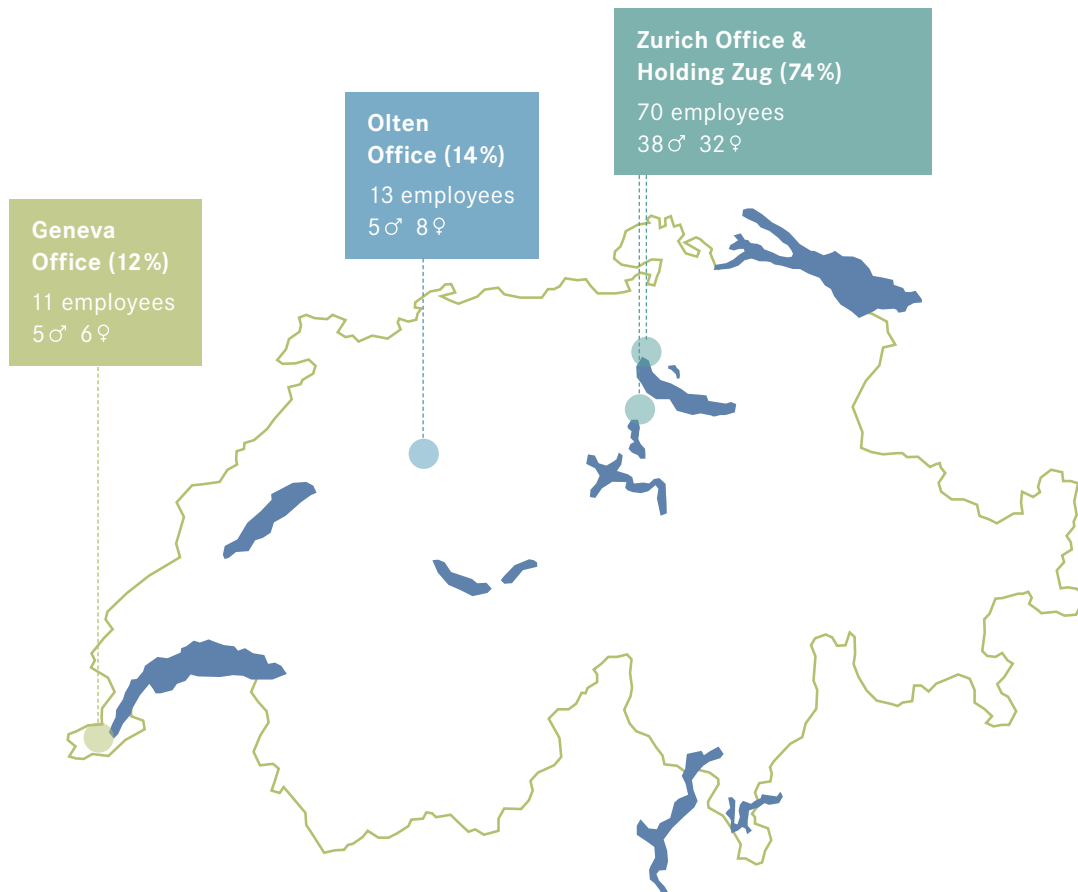
Employees

Our employees are the key factor for the success of our Company. Every day, they are committed to the concerns of our tenants and business partners and work with them to find optimal solutions.

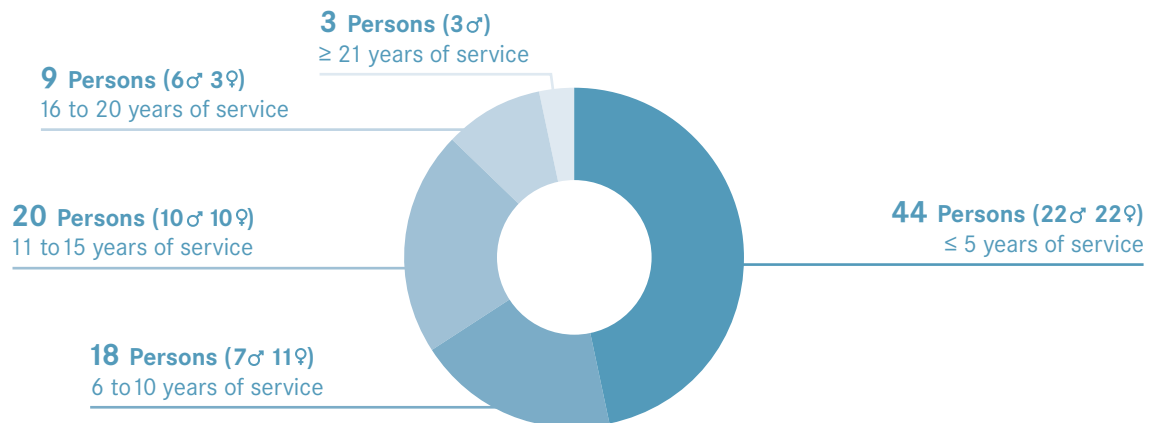
At the end of 2019, 119 employees were working at PSP Swiss Property, 25 of whom were caretakers (end of 2018: 117 employees, 26 of them caretakers). The caretakers work on a property-related basis and are managed by the property management unit of PSP Management AG. Details on our operational organisation can be found on our website. www.psp.info/management-structure

PSP Swiss Property is characterised by a high stability level and job security. More than half of the employees have been working at the Company for six years or more.

[Social performance measures page 200: Fluctuation](#)



Years of service of employees



We offer an attractive, safe and varied working environment that increases the motivation of our employees and enables them to perform to a high standard. We also promote the professional and personal development of our employees and encourage them to be creative and take responsibility for their own work on a daily basis. Our open corporate culture is designed to instil confidence and security in all employees. Our interaction is based on mutual appreciation, respect, loyalty and responsibility – values that we live and that are central to us.

www.psp.info/values

In autumn 2019, we conducted an anonymous **employee survey** based on the approach and theory of Great Place to Work®. The survey identified workplace culture and employer attractiveness based

on five dimensions: credibility, respect, fairness, pride and team spirit. The response rate of 87% was very encouraging. The survey clearly confirmed that we are a particularly attractive employer.

96% of all employees agreed with the statement “All in all I can say that this is a very good place to work”.

This puts us above the Swiss average of the last two years. Thanks to the very positive results, we were certified as a “Great Place to Work”. Details about the survey results are published on the Great Place to Work® website.

www.greatplacetowork.ch

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 employee rights and obligations, which we have been following for a long time, were published for the first time in May 2019 as an actual **code of conduct**.

www.psp.info/values

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. In 2018, for example, we opened our “Collaboration Lab” at the Zurich location – a marketplace of knowledge. The 400 m² Collaboration Lab offers moveable tables, workstations and lounges equipped with state-of-the-art audio and video technology for presentations. This is also where we hold our internal theme lunches (“PSP Academy”, see below, Training and Continuing Education). The Collaboration Lab is also an ideal showroom that helps our tenants and business partners visualise how rooms and office spaces can be designed attractively.

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 all employees about current topics, the developments and goals of the Company, as well as about the current course business: we do this, in particular, within the framework of our quarterly reporting.

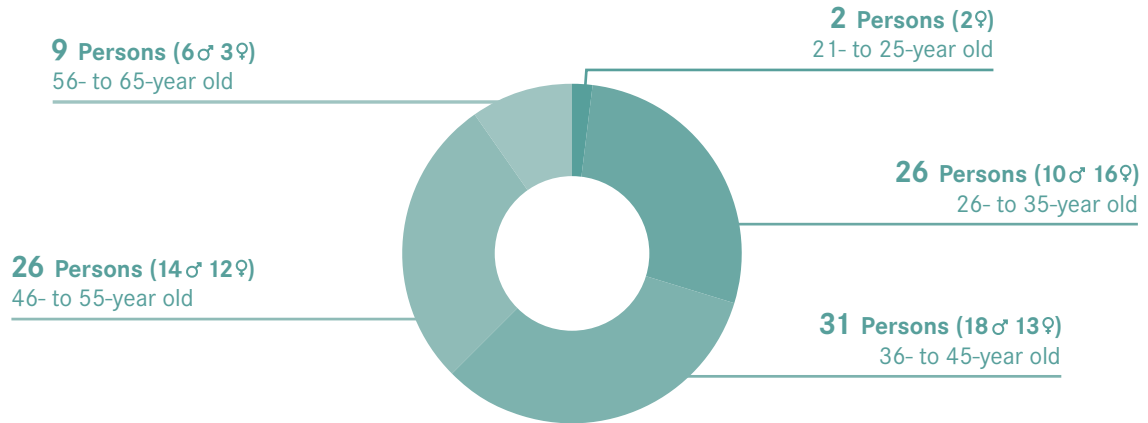
Equal opportunity and diversity

All employees enjoy equal opportunity. We do not tolerate any discrimination based on nationality, gender, sexual orientation, age, religion, or ideology. In May 2019, we renewed our internal policy on protection against discrimination.

With 46 **women** working for the Company, their share was 49%, showing an increase of 5 percentage points compared to the previous year. As a result, the gender ratio is almost balanced overall, with a different distribution in the different departments. The property and construction industry is traditionally male-dominated. This is gradually changing. While in property management the gender ratio is fairly balanced, women are still greatly underrepresented in the construction department. Thus, we are very pleased that we were able to recruit two women as construction project managers in the reporting year.

[Social performance measures page 200:](#)
[Gender diversity](#)

Age of employees



The average age of all employees is 42 years, 44 years for men and 40 years for women.

We, too, will have to meet the challenges of demographic change in Switzerland, with a growing group of older employees on one side and a comparatively smaller number of younger professionals on the other. Both younger and older employees will have to be more willing to benefit from each other's experiences and knowledge in the future. In this way, the experiences and perspectives of all employees can be optimally used as a

source of innovation, problem-solving, and motivation. When recruiting staff, we always ensure that we form teams that are mixed in terms of gender and age. Deserving employees can also be employed beyond retirement age, for example on a part-time or hourly basis.

Employee development and retention

Recruitment

Our recruitment and employment process is characterised by fairness and transparency. 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 2019, 19 employees took up new positions.

[Social performance measures page 200:](#)

[New hire rate and Turnover](#)

Assessment and development

There are regular personnel reviews between managers and employees. They provide our employees with important feedback on their work and define their contribution to the achievement of goals within the Company. Concrete achievements, results achieved, and social behaviour are also discussed.

It is important to us that employees can also continue progressing within our Company, for example by moving to another department. Three such transfers took place in 2019.

[Social performance measures page 200:](#)

[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 discussed and analysed. Other options for internal training and for broadening horizons are our internships at different PSP Swiss Property offices. These usually last a maximum of three months.

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. Our survey has confirmed that our employees appreciate the training and support we offer and that it provides them with the necessary resources and equipment to do their job well.

In 2019, each employee completed an average of four days of internal or external training or continuing education. There were four PSP Academy Lunches, two of them in the area of sustainability.

[Social performance measures page 200:](#)

[Training and development](#)

Salary and benefits

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 Reka checks, reduced fares on public transport, free continuing education, accident insurance, and guaranteed paid sick leave. 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. In 2020, we will also conduct a **salary equality analysis** in line with the new Equal Opportunities Act.

[Social performance measures page 200:](#)

[Gender pay gap](#)

Employee health and wellbeing

Among other topics, the employee survey addressed the issue of “care” under the dimension “respect”. In this area, we significantly **exceed the average of the best medium-sized Swiss companies**. Specifically, we received outstanding marks for enabling a good work-life balance, for our understanding of different life situations, and for our good working environment.

Health and safety

Health and safety are important for a good working environment. 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.

There is a break area at all locations where employees can enjoy a selection of fruit free of charge every day. The in-house fitness facilities and the generously equipped kitchen, which were set up in 2018 at the Zurich location, are well utilised by our employees and thus promote our corporate culture. Our employees in Olten and Geneva benefit from contributions towards fitness subscriptions.

In the area of occupational safety, we have the appropriate emergency protocols. Our Human Resources department, in cooperation with our safety officer, organises the required courses (first aid courses, defibrillator, fire) for our employee volunteers. In addition, the entire staff participates in drills. We also offer our employees the opportunity to obtain free, anonymous advice on personal or professional matters from external specialists.

[Social performance measures page 200:](#)

[Injury rate, Lost day rate](#)

Work-life balance

Those who work often face 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 requirements on cooperation and flexibility have changed considerably in recent years. 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 2019, 21 employees were employed part-time, which corresponds to a share of around 22%. Eleven female and two male employees without rank as well as eight female 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 for a better balance between family, leisure, and career.

Starting in 2020, the holiday entitlement for all employees will be increased to 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 200:](#)

[Absentee rate](#)

Great Place to Work®

“A Great Place to Work® is where you trust those you work for, take pride in what you do and enjoy working with others.”

Robert Levering, co-founder of Great Place to Work®



The employee survey carried out in autumn 2019 showed that this statement applies to PSP Swiss Property’s employees. We are very pleased about the certification as Great Place to Work®.





Performance measures

EPRA Sustainability performance measures – Environment

The following table contains the environment-related performance measures for 2019 and 2018. Performance measures which are reported according to the EPRA sBPR standard and are marked with the respective EPRA code. The values marked with has been externally reviewed by Ernst & Young AG.

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 sources²
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 energy³ 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 ⁴
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	5 buildings or 6.4% of lettable space as a percentage of the reported portfolio are certified (LEED and Swiss “Minergie” standard)		

1 Several adjustments to the data basis lead to a correction and restatement of the previous year's figures, see delimitations and explanations.

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

3 These figures are not adjusted for heating degree days. Adjusted for heating degree days, absolute energy use for 2018 and 2019 is 86 165 512 kWh and 79 031 821 kWh respectively. Adjusted for heating degree days, Like-for-like energy use for 2018 and 2019 is 81 632 796 kWh and 77 368 866 kWh respectively.

4 These figures are not adjusted for heating degree days. Adjusted for heating degree days, energy intensity for 2018 and 2019 is 92.582 kWh/m² and 89.006 kWh/m² respectively.

	Absolute measures (Abs)			Like-for-like (LfL)			Disclosure coverage	Share of estimates
	2018 ¹	2019	+/-	2018	2019	+/-		
	22 340 819	20 934 794	- 6.7%	21 699 799	20 780 614	- 4.4%		
	22 340 819	20 934 794 <input checked="" type="checkbox"/>	- 6.7%	21 699 799	20 780 614	- 4.4%	100%	20.5%
	98%	98%						
	20 567 370	18 154 135	- 13.3%	18 876 611	18 154 135	- 4.0%		
	20 567 370	18 154 135 <input checked="" type="checkbox"/>	- 13.3%	18 876 611	18 154 135	- 4.0%	100%	6.8%
	45%	45%						
	46 421 266	43 963 947	- 5.6%	44 034 807	42 387 854	- 3.9%		
	46 421 266	43 963 947 <input checked="" type="checkbox"/>	- 5.6%	44 034 807	42 387 854	- 3.9%	100%	5.7%
	7.0%	6.0%						
	89 329 455	83 052 876 <input checked="" type="checkbox"/>	- 7.6%	84 611 217	81 322 603	- 4.0%		
	38%	38%						
	8 452	8 019 <input checked="" type="checkbox"/>	- 5.4%	8 019	7 744	- 3.6%		
	2 708	2 400 <input checked="" type="checkbox"/>	- 12.8%	2 490	2 400	- 3.8%		
	57	49 <input checked="" type="checkbox"/>	- 14.8%					
	11 218	10 468 <input checked="" type="checkbox"/>	- 6.7%					
	461 336	498 393	7.4%	444 765	490 684	10.3%		
	461 336	498 393 <input checked="" type="checkbox"/>	7.4%	444 765	490 684	10.3%	100%	6.0%
	95.981	93.534 <input checked="" type="checkbox"/>	- 2.6%					
	0.496	0.561 <input checked="" type="checkbox"/>	11.7%					
	11.991	11.734 <input checked="" type="checkbox"/>	- 2.2%					
							100%	

EPRA Sustainability performance measures – Social

Employees

The following table contains the key performance measures for 2019 and 2018 that relate to social aspects. The performance measures are marked with the respective EPRA code. Our caretakers are now also integrated into the key figures. The caretakers work on a property-related basis and are managed by the management unit of PSP Management Ltd. The key performance measures relating to employees were externally reviewed by Ernst & Young AG (marked with)

EPRA code	Unit	Indicator	Scope	Performance measure	
				2018	2019
Diversity					
Diversity-Emp	% of employees	Gender diversity	Board of Directors	86% ♂ / 14% ♀	86% ♂ / 14% ♀
			Executive Board	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Senior Management ¹	100% ♂ / 0% ♀	100% ♂ / 0% ♀
			Middle Management ²	68% ♂ / 32% ♀	58% ♂ / 42% ♀
			Employees without rank ³	23% ♂ / 77% ♀	21% ♂ / 79% ♀
			Caretakers	88% ♂ / 12% ♀	88% ♂ / 12% ♀
Diversity-Pay	Female to male ratio	Gender pay gap ⁴	Board of Directors ⁵	1	1
			Middle Management	0.98	0.89
			Employees without rank	1.05	1.09
Development, Training and Turnover					
Emp-Training	Average hours per year and employee	Training and development ⁶		34.4h	32.6h
Emp-Dev	% of total workforce	Performance appraisals		85%	92%
		New hires		10	19
Emp-Turnover	Total number	Leavers	Direct employees	10	17
		Number of employees at year end		117	119
		New hire rate		8.5%	16.0%
	Rate in %	Turnover		8.5%	14.3%
Health & safety					
H&S-Emp	Number of injuries per 200 000 hours worked	Injury rate		2.0	1.9
	Number of lost days per 200 000 hours worked	Lost day rate	Direct employees	4.2	5.8
	% of average hours worked	Absentee rate ⁷		1.6%	2.3%
	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 compensation for members of the Board of Directors who travel from abroad.

6 Incl. internal and external education and development per employee. The figure for 2018 relates to direct employees excluding caretakers, as data on training and development was not collected yet for caretakers in 2018.

7 Absentee rate excludes long-term absences of more than 12 weeks. Absentee rate including long-term absences was 1.6% for 2018 and 3.2% for 2019.

Assets

EPRA code	Unit	Indicator	Scope	Performance measure	
				2018	2019
Health & Safety					
H&S-Asset	% of assets	H&S impact assessments	Assets under operational control ⁸	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 ⁹		N/A	N/A

⁸ Quality management is implemented on our processes and in all our properties and sites. Health and safety checks are carried out in particular 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.

⁹ This Performance measure is not reported because we have not yet identified a good basis of measurement by which this can be expressed as a clear percentage. The topic is commented on page 181.

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	
				2018	2019
Board composition					
Gov-Board	Total number	Executive members	Board of Directors	0	0
		Non-executive members		7	7
		Independent members		6	6
		Independent and non-executive members with competencies relating to environmental and social topics ¹		4	4
	Years	Average tenure of Board members		8.7	9.7
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 2018 (page 143 ff.) and annual report 2019 (page 143 ff.) respectively, where specific competencies are listed and skills and experiences become apparent from the biographies of Ms. Corinne Denzler, Mr. Peter Forstmoser, Mr. Nathan Hetz and Mr. Aviram Wertheim. Mr. Hetz and Mr. Wertheim 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 CEO of a renowned and listed real estate company 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 2019 (page 154 f.).

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 2018, page 143 ff. and annual report 2019, page 143 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 2019, PSP Swiss Property received the EPRA Gold Award for its 2018 reporting - for the fourth 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, 2018 to June 30, 2019. The social indicators (EPRA table performance measures) and the governance-related performance measures refer to the same period as the financial reports (January 1, 2019 to December 31, 2019).

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 2019, we analysed 153 investment properties with 887 696 m² of lettable space (2018: 151 investment properties with 930 696 m² of lettable space). On 30 June 2019, the portfolio comprised 165 investment properties.

The difference to the 153 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 only of parking spaces, so there is no energy consumption. The four properties in Liebefeld and the property at Bärenplatz 9 in Bern, which were purchased during the reporting period, are also not included.

These 13 mentioned properties were therefore not included in the Sustainability Report. On the other hand we included a property in Uster which was reclassified at the end of June as development property and subsequently sold.

The properties Route des Arsenaux 41 in Fribourg, Bernerstrasse Süd 167/169 in Zurich, Spitalgasse 9 in Berne and Bahnhofstrasse 21 in Rheinfelden, which were sold during the reporting period, are not included in the performance measures for 2019.

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 144 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 153 properties.

Explanations on the data basis

Estimates

Of the energy we procure, 9.7% of total was estimated in 2019 (15% in 2018). 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. For the portfolio Edmond de Rothschild (Suisse) S.A. purchased in 2018 (9 properties), it was possible to record the consumption of fuels, but the electricity and water consumption had to be estimated on the basis of consumption figures from comparable properties.

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 3

Business travel: We also calculate the CO₂e emissions from our business travel (air, car, train). Emissions from business travel in 2019 amounted to 49 tonnes CO₂e (2018: 57 tonnes). The reduction compared to the previous year is mainly due to a reduction in flights.

CO₂ factors electricity

We apply market-based emission factors for electricity.

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:

- **Energy consumption of heating oil and gas:** In collaboration with an external consulting firm, we revised and adjusted the conversion factors for energy sources from litres or m³ to kWh. This results in consumption figures for both oil and gas that are approximately 5% higher than those stated in the previous year.
- **Corrections to consumption figures for the previous year:** Based on a closer analysis, errors were discovered in the measurement of some of the figures for the previous year. This affects 18 values. These were corrected.
- **Electricity mix, district heating mix and share of renewable energies:** In cooperation with an external consulting firm, we have revised the allocation of the respective energy purchases (electricity mix, district heating, gas) to the individual properties and put it on a more reliable basis. This has resulted in some deviations from the previous year's figures, which have an impact on the share of renewable energies and the calculation of CO₂ emissions. While the share of renewable energies in electricity purchases is much higher than our original conservative estimate (98% instead of 82%), the share of biogas is slightly lower than originally estimated (6% instead of 8%). We can now also provide information on the share of renewable energy in district heating. This is lower than, for example, stated in the CDP-Questionnaire. The lower share of renewable energies in district heating is mainly due to the fact that we now classify only 50% of waste incineration as renewable.
- **CO₂e emissions Scope 1 and 2:** We now calculate our energy and CO₂ data based on the Myclimate Smart3 data management system and the CO₂ factors provided by Myclimate. Myclimate's expertise in greenhouse gas calculations allows us to provide a better basis for our CO₂ emissions calculations and ensure

that the factors are always up to date. The calculations based on Smart3 results in Scope 2-values that are considerably higher than our previous calculations. This is mainly due to the fact that higher factors were used for district heating, based on an analysis of the information provided by the district heating suppliers. Our previous estimates assumed a higher share of renewable energy.

- **CO₂e emissions Scope 3:** Already in the previous years, Scope 3 emissions were calculated using a calculation tool from Myclimate, however, the new calculations result in higher values. This is mainly due to the fact that the flight kilometres covered were calculated differently. These have increased, for example, due to the inclusion of holding patterns.

The adjustment of the factors and 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: 7% higher; Electricity: 1.6% higher; District Heating: 3.7% higher; Water: 4.8% higher; CO₂e emissions Scope 1: 2.9% lower; CO₂e emissions Scope 2: 37% higher; CO₂e emissions Scope 3: 46% higher.

Correction/reporting of social indicators

The caretakers are now also included in the calculation of employee-related performance measures. For this reason, the previous year's figures have also been adjusted to include caretakers. In addition, the revision of the processes for collecting social indicators has led to some adjustments to the calculation basis for the indicators with the EPRA code Diversity-Pay and H&S-Emp. Furthermore, the diversity indicators have been more strongly segmented, which makes them more meaningful.



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To the management of
PSP Swiss Property Ltd, Zug

Zurich, 24th February 2020

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 2019 to 31 December 2019:

- ▶ Environmental performance measures related to energy and water consumption as well as CO2 emissions (Scope 1, 2 and 3) on pages 198/199
- ▶ Social performance measures related to employees on page 200

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 management

The management of PSP Swiss Property AG is responsible for the preparation of the disclosed performance measures 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”):

- ▶ GHG Protocol Corporate Standard (Revised Edition) for the environmental performance measures
- ▶ EPRA Sustainability Best Practices Recommendations Guidelines for the social performance measures

Summaries of these guidelines are presented on the Greenhouse Gas Protocol website (online at <http://www.ghgprotocol.org/sites/default/files/ghgp/standards/ghg-protocol-revised.pdf>) and the EPRA website (online at <https://www.epra.com/sustainability/sustainability-reporting/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)



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 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 performance measures marked with a „☒“ in the report are not prepared, in all material respect, in accordance with the applicable criteria.

Ernst & Young Ltd

Tobias Meyer
Partner

Mark Veser
Senior Manager

(Translation of the original report in German language)