Profond

Profond Investment Foundation – long-term and sustainable investing 2024

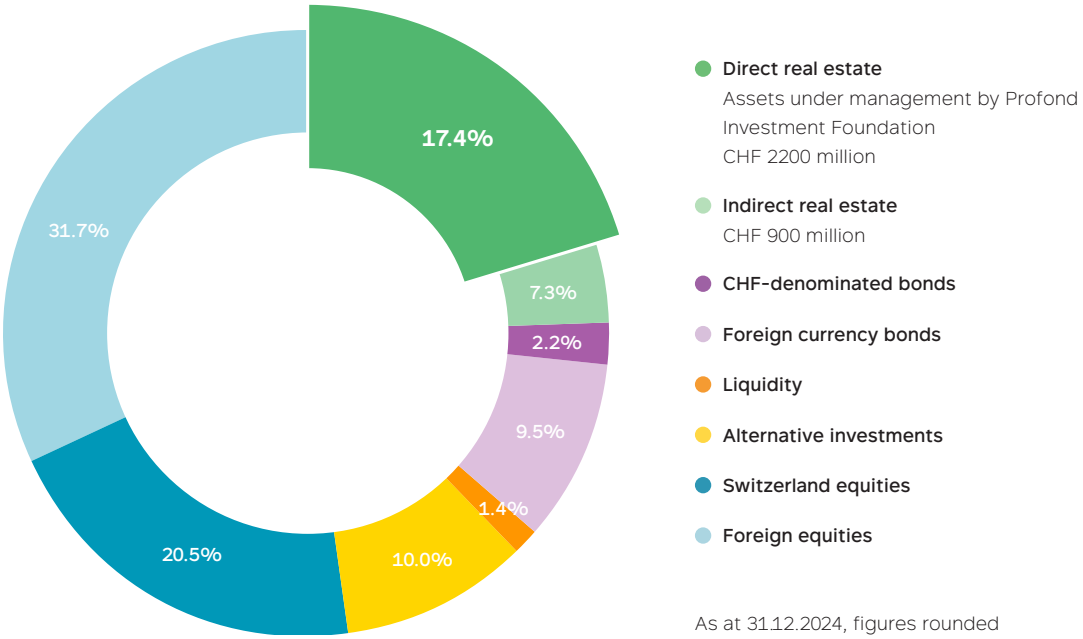
Introduction

As a pension fund, we make an important contribution to financial security in the third stage of life and in the event of disability and death. A strong, long-term returns are needed to make this contribution. To this end, we are implementing measures to ensure the financial stability and security of our company. In addition to this long-term responsibility towards our insured persons, we also have a responsibility towards society and the environment. Sustainable thinking and action are an integral part of our corporate strategy.

Environmental, social and governance (ESG) criteria are, therefore, very important in our investment decisions. The focus is on those asset classes where we can exert a direct influence. This is because it is up to us to implement effective measures and to check their effectiveness in a targeted manner – especially in the case of real estate held directly in our investment foundation.

In February 2024, for the first time we published a document focusing on our sustainability efforts in directly held real estate, followed by another publication in November 2024 with updated figures as of the end of 2023. This publication shows the status of the sustainability measures of Profond Investment Foundation as at the end of 2024.

Profond Pension Fund asset allocation as at 31.12.2024



As at 31.12.2024, figures rounded

Profond Investment Foundation

The Profond Investment Foundation is responsible for the directly held real estate of Profond and is a legally independent organisation wholly owned by Profond Pension Fund. As of 31 December 2024, the properties it manages represent approximately CHF 2.2 billion, or 17.4% of the total portfolio. The Profond Investment Foundation manages and invests these pension funds not only in an income-oriented manner, but also responsibly and in accordance with ESG criteria. A long-term holding period and consideration of the entire life cycle of each property form the basis for this practice.

With careful renovations, we take the long-term return into account and aim to make the operation of the directly held real estate carbon neutral by 2050 at the latest. Specific measures are the conversion of heat generation to renewable energies, the optimisation of building insulation, and efficiency improvements in the technical installations in use.

Since 2021, together with Wüest Partner, we have been collecting the CO_2 reduction path, the carbon footprint and the ESG rating for the entire real estate portfolio in Switzerland and, since 2022, also for real estate in Germany. In 2024, we also had a REIDA CO_2e report prepared for the first time, which is discussed in further detail below.

Development of model calculations

Since 2020, we have been collecting the consumption data for all our Swiss properties, such as for heating oil or electricity. In 2024, the collection of effective energy data was extended. This also enabled the categorisation of energy sources to be refined. In addition, the model calculations are now based on improved actual data and adjustments to the calculation standards. This provides us with an improved data base, which allows us to check the calculations from the previous model. Although the new findings have caused the figures for the current situation to deteriorate marginally, the forecast remains unchanged and the portfolio is still on track.

CO_2 equivalents in operation

Accounting practices for CO_2 equivalents have been in line with the REIDA/intep standard from 2023 onwards. The model calculations include Scope 1 (direct greenhouse gas emissions), Scope 2 (indirect greenhouse gas emissions) and parts of Scope 3 (category 3: Supply chain emissions, category 13: tenant electricity).

2023

Overall portfolio emission in $kgCO_2e/m_{EBF}^2a$

15.1

Model calculation on the original bases.

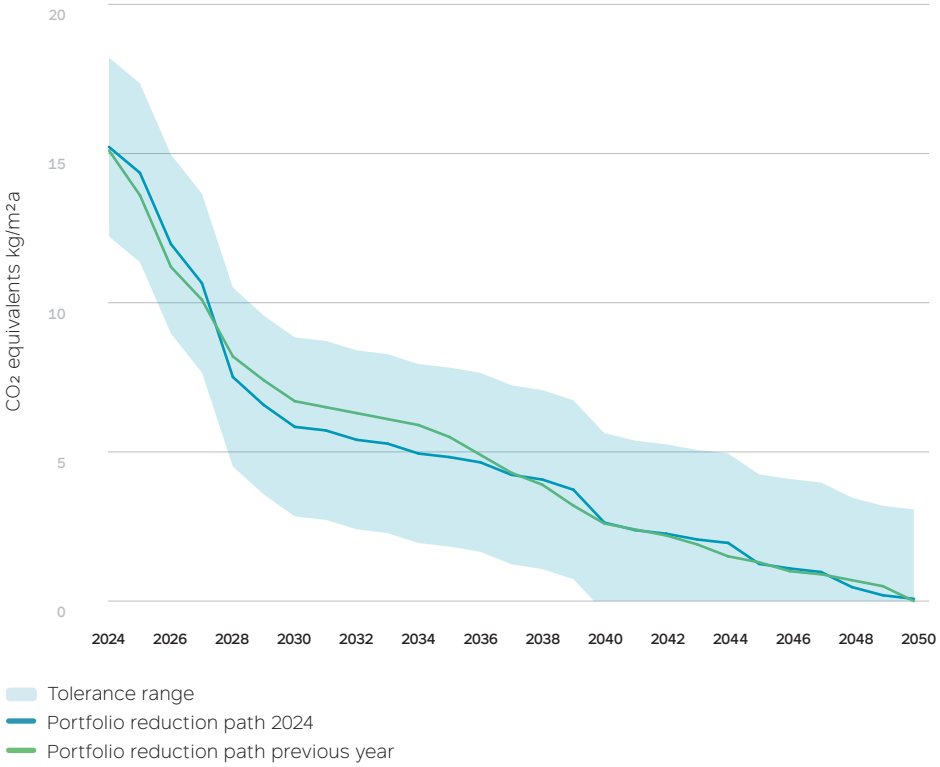
2024

Overall portfolio emission in $kgCO_2e/m_{EBF}^2a$

15.2

Model calculation on the new bases.

CO_2 reduction path for real estate in Switzerland
(Scope 1+2+3.3+3.13)



Since 2023, the reduction path has been accounted for according to REIDA/intep.

REIDA CO_2e-Report
The Profond Investment Foundation had a REIDA CO_2e report prepared for the first time in 2024. REIDA, the Real Estate Investment Data Association, aims for a standardised calculation and comparison option for the CO_2 emissions and CO_2 intensity of investment properties in Switzerland. The real estate benchmark for CO_2 emissions was published for the third time in 2024 and covers properties with a market value of CHF 222 billion.

Profond Investment Foundation participates in the REIDA CO_2e report so that it can compare itself to the benchmark. This classifies the current state of sustainability efforts, whereby the calculations of REIDA, in contrast to the model calculations from the Wüest Partner carbon calculator, are based on actual consumption data (Scope 1 and Scope 2).

REIDA KPIs (Scope 1+2)

Energy intensity

88.0

kWh/m^2_{EBF}

CO_2e emission intensity

12.0

kgCO_2e/m^2_{EBF}

Share of renewable energy

29.3

kWh-%

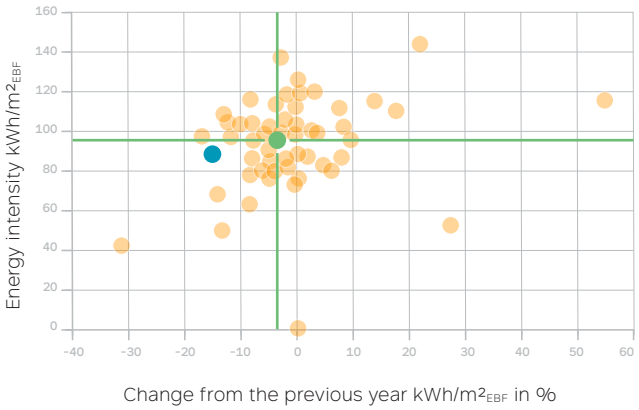
Coverage ratio

81.9

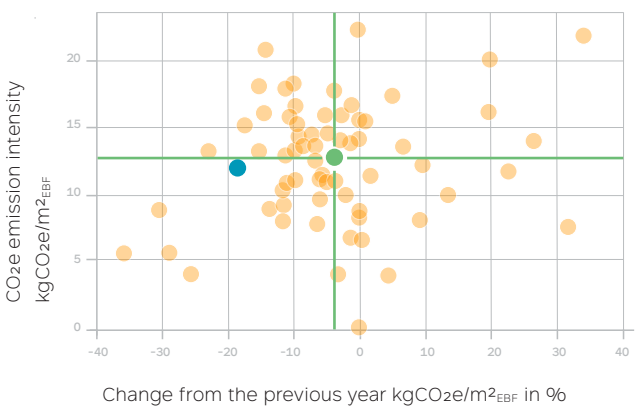
m^2_{EBF}-%

Portfolio comparison of REIDA KPIs (Scope 1+2)
Profond's portfolio shows slightly better performance than the benchmark in terms of the key KPIs, energy intensity and CO_2e emission intensity. This statement also applies to the positive change in these metrics compared to the previous year.

Energy, portfolio vs. other portfolios



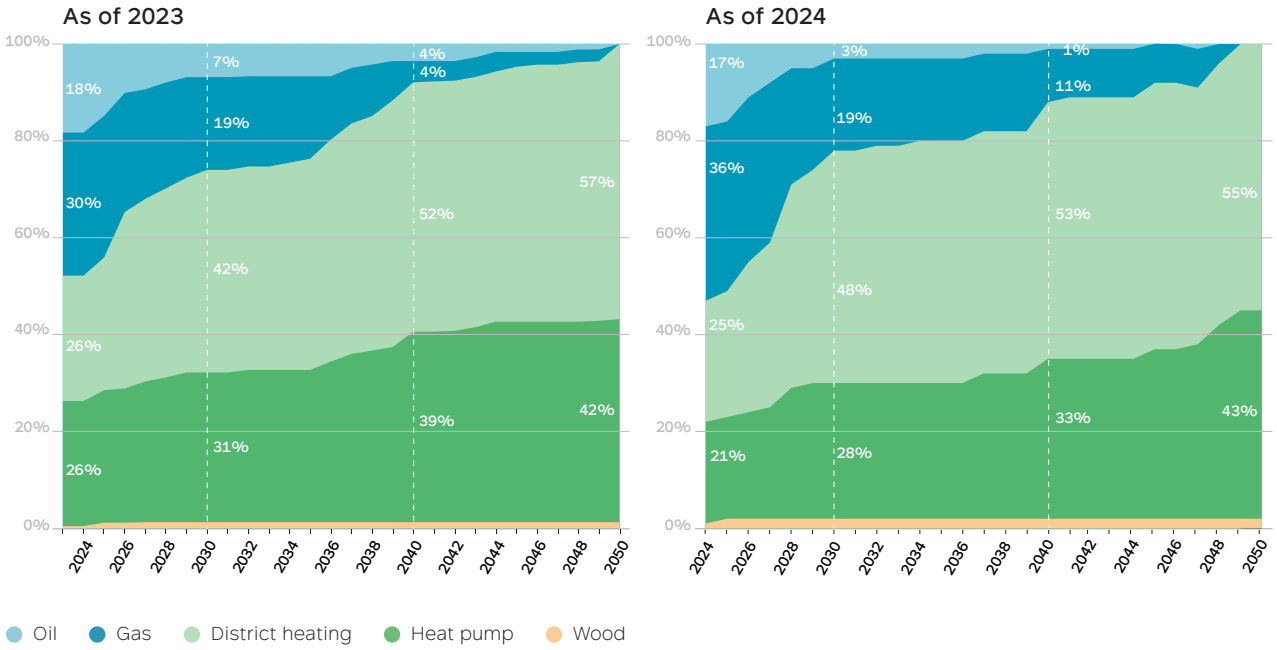
CO_2e, portfolio vs. other portfolios



Other portfolios Portfolio Benchmark

Sustainability in practice

Development of energy sources
Heating systems over time (share of the energy reference area)



As part of the in-depth data collection in 2024, all heating systems were reviewed and their categorisation was standardised, thus improving the data base. This has led to slight changes in the categories.

Building with the goal of carbon neutrality in operation

For new buildings and renovations, we have two objectives in terms of greenhouse gas emissions: on the one hand, the reduction of carbon emissions in operation and, on the other hand, the reduction of energy consumption. In addition to replacing fossil heating systems, we are installing photovoltaic (PV) systems and charging stations for electric cars, where possible and appropriate, to promote sustainable energy sources. Improved building insulation and measures to reduce (hot) water consumption lower energy consumption.

Photovoltaic systems

Installations in 2024	2 PV plants providing around 398 000 kWh/year and 470 kWp (projected power generation)
Total installations until 31.12.2024	12 PV installations providing around 3 500 000 kWh/year and 3340 kWp (projected power generation)

Electric car charging stations

In 2020, we installed the first electric car charging stations in our real estate properties to enable tenants to switch to electric mobility easily. Since then, we have been driving this expansion forward and have installed or prepared further e-charging stations so that they can be put into operation within a few days.

Total installations until 31.12.2024	395 e-charging stations

Energy-conscious renovation

For our new-build and renovation projects, we have a “GEAK+” report prepared for the energy assessment of the properties. On the basis of the building energy certificate (GEAK), the “GEAK+” report presents concrete improvements and helps us to assess the energy balance of an existing property or one to be developed property and to select the development strategy based on this.

In German, “GEAK” stands for the “Building Energy Certificate of the Cantons” and shows how much energy a property consumes for the shell of the building (e.g. insulation of roof, facade, windows) and the technology in the building (e.g. heating, hot water, ventilation). The results are presented on a scale from A (very efficient) to G (poorly insulated), similar to the energy label for electrical appliances.

Complete renovation of a residential development in Bernex GE

This residential development from 1974 comprises 64 apartments.

In 2021, a complete renovation was planned for the property and a detailed “GEAK+” report was commissioned. The report presented three options, A, B, and C, to improve energy performance. After assessing the cost-benefit ratio, it was decided to implement variant B for this project.

Representation of the three variants and the GEAK classes to be achieved in comparison with the actual state

		Initial state	Variant A	Variant B	Variant C
Effectiveness of the envelope (possible interventions)	Facades	21 cm concrete facade with CEB lining without insulation		Complete external insulation of the facade, including dormer refurbishment	
		9 cm agglomerated wood dormer sides without insulation	Dormer refurbishment		
	Windows	Original double frame	Full replacement of windows 4/16/4, ug=1.0 with wooden frame		
	Ground flooring	Bare slabs, cellar height 230 cm		Insulation of slabs. UNITEX KD Light 15 cm fixed to the underside (cellar ceiling)	
	Thermal bridges	The whole envelope effectively functions as a large thermal bridge		Thermal breaking of balconies and management of point thermal bridges	
	Roof and attic	Dilapidated roof without insulation	Complete renovation of the roof with rock wool (summer comfort) insulation between and on rafters. This intervention will also solve the attic floor problem.		
		Brittle bitumen underside			
		4 cm UNITEX in uninhabitable areas			
		Attic floor: 16.5 cm bare slabs			
	Solar thermal panel installation	No	Yes	Yes	Yes
	Geothermal heat pump installation	No			Yes
	Envelope efficiency rating	**G**	**E**	**A**	**A**
Global energy efficiency	Heat Dependency Index (HDI)	**645 MJ/m²**	**347 MJ/m²**	**133 MJ/m²**	**50 MJ**
	Heating requirements (QH)	**152 093 kWh**	**80 781 kWh**	**15 148 kWh**	**5320 kWh**
	Boiler power	**63 kW**	**38 kW**	**15 kW**	**15 kW**
	Envelope efficiency rating	**E**	**D**	**C**	**B**

With the planned measures under variant B, the property reaches efficiency class A after the renovation in the area of the building envelope. With regard to overall efficiency, the property is expected to be in class C, which already represents a significant improvement over the actual condition (class G). Since the creation of a new building has been deliberately dispensed with, grey energy can also be saved to a greater extent with the chosen renovation variant.

Construction is already under way and the project will be completed by the end of 2026.

Efficiency class B thanks to district heating
By the year 2028, the district in which the property is located will be connected to the district heating network. The later connection to the district heating network is already being prepared during the renovation. Until then, the existing gas heating can continue to be operated. With the connection to the district heating network, the residential development will achieve at least efficiency class B.

Measures regarding sustainability in the refurbishment in Bernex:

- Insulation of the building envelope and cellar ceiling
- PV system on the roof
- Replacement of all windows
- Connection to the district heating network
- Refurbishment instead of a replacement new build

Sustainability principles

In 2023, the Profond Investment Foundation developed sustainability principles and, based on these, the procedure for the further specific implementation of the sustainability goals. In 2024, the focus was on improved energy data collection and participation in the REIDA CO_2e benchmark. A further focus will be placed on construction management in promoting the circular economy.

Economical

- Ensuring tradability
- Long-term positive return for shareholders
- Market-oriented property qualities
- Resource-efficient planning and implementation of projects
- Resource-saving maintenance and operation
- Identifcation of opportunities and exploitation of existing reserves

Environmentally friendly

- Central locations
- Leveraging existing infrastructure
- Use of renewable energy sources
- Use of durable building materials designed for a long service life
- Promotion of the circular economy
- Consideration of grey energy
- Consideration of drinking water consumption

Functional and comfortable

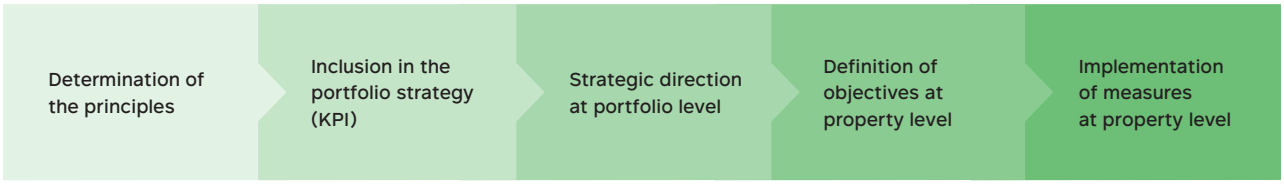
Involvement in the planning, construction and operation of:
- Flexibility in usability
- Indoor climate
- Illumination
- Freedom from barriers
- Accessibility
- Mobility infrastructure
- Shopping, catering and leisure facilities

Attractive employer

- Values-based culture
- Promotion of education and further training
- Ensuring fair and comparable remuneration
- Regular survey of employees for improvement potential
- Operational health management
- Job quality
- Legal conformity

The principles take into account the various aspects of sustainability that are important to us – from the perspective of the environment, the people who live in the real estate properties and economic viability. Next, the precise criteria for each principle will be defined and steps to be taken to increase sustainability will be determined.

Steps to increase sustainability
The following example model shows the steps based on the use of photovoltaic systems.



Brief overview

2023

- Development of the sustainability principles
- Implementation of project Goldach with 4235 modules PV system
- 6 PV systems with around 2 500 000 kWh/year and 2250 kWp

2024

- Improving data collection and switching to REIDA EBF
- Initial preparation of an REIDA CO_2e report with benchmark comparison
- Installation of a total of 395 e-charging stations by the end of 2024 (installed or prepared)
- 2 PV systems providing around 398 000 kWh/year and 470 kWp

Profond

Head office
Profond Vorsorgeeinrichtung
Zollstrasse 62
8005 Zürich
058 589 89 81

Office in Western Switzerland
Profond Institution de prévoyance
Avenue de la Rasude 5
1006 Lausanne
058 589 89 81

info@profond.ch
www.profond.ch

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