

Profond



Profond Investment
Foundation –
long-term and
sustainable investing



Introduction

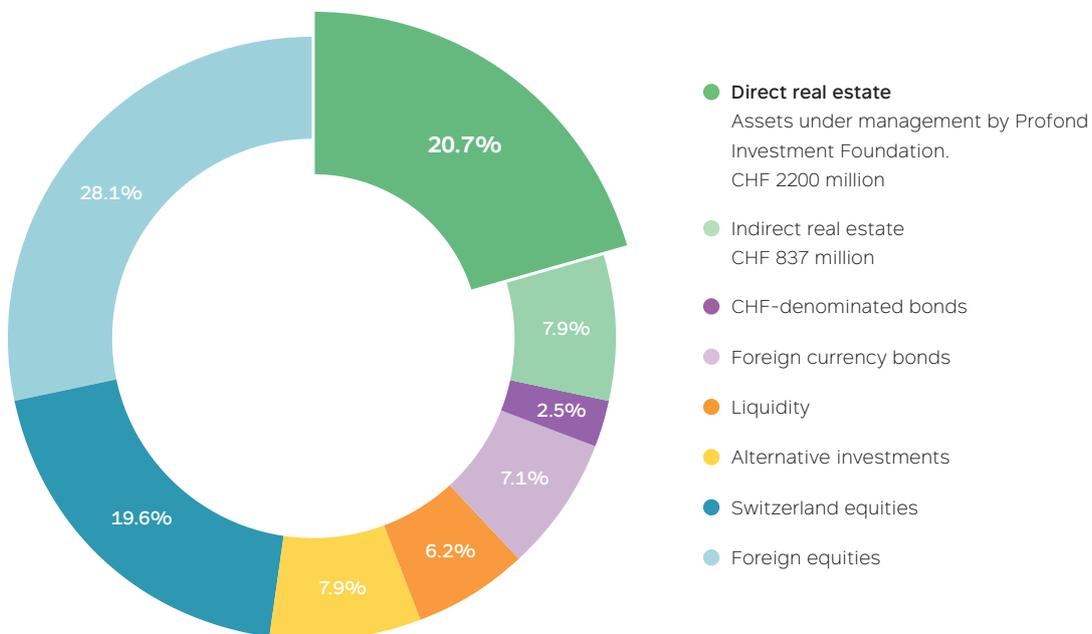
As a pension fund, Profond has a long-term responsibility, which is why sustainable thinking and actions are an integral part of our corporate strategy.

A central principle in our investment strategy is to achieve long-term sustainable returns. As a pension fund, we offer our insured members financial security in old age and in the event of disability or death. To ensure this, we have to generate suitable returns on an ongoing basis and implement measures that ensure the financial stability and security of our operation.

In addition to the obligation towards our insured members, we also assume responsibility towards society and the environment. In doing so, we take into consideration not only financial aspects but also environmental, social and governance (ESG) criteria. To achieve the greatest possible impact, we focus, in particular, on the asset classes that we can directly influence. This is because it is up to us to implement effective measures and control their effectiveness.

We published a first sustainability publication in 2021, followed last year by an overview of the next steps in real estate, equities and stewardship. This publication focuses on the real estate properties held directly and documents our efforts in the area of sustainability.

Profond Pension Fund asset allocation



As at 30.9.2023, figures rounded

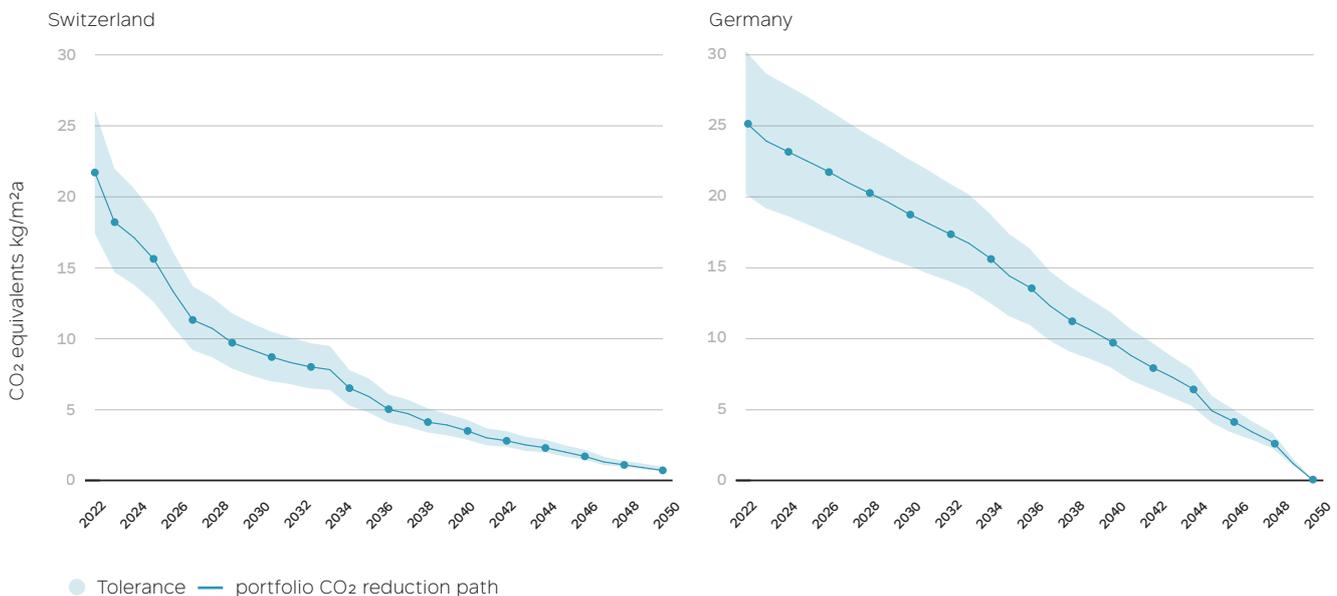
Profond Investment Foundation

With around CHF 2.2 billion, Profond's directly held real estate represents 20.7% (as at 30.9.2023) of the portfolio. It is managed by Profond Investment Foundation, which, as a legally independent entity, is wholly owned by Profond Pension Fund. The mandate of Profond Investment Foundation is to invest the pension fund assets not only in an income-generating manner, but also responsibly in accordance with ESG criteria. Therefore, all investment decisions are based on a long-term holding period and an orientation towards the entire life cycle of each property.

Our goal is to become CO₂ neutral for directly held real estate properties by 2050 at the latest. To achieve this, we focus on careful refurbishment while at the same time paying attention to the long-term return. Specific measures include improved building insulation, the transition to renewable energy for heat generation and the operational optimisation of technical installations.

In 2021, in collaboration with Wüest Partner, we determined the carbon footprint, the CO₂ reduction path and the ESG rating across the entire real estate portfolio in Switzerland, followed by real estate properties in Germany in 2022.

CO₂ reduction path for real estate in Switzerland and Germany



Development in Switzerland

For the past three years, we have been collecting all consumption data such as fuel oil used or the electricity consumed by all real estate in Switzerland. This data enables us to check our model calculations and plausibilise and adjust them based on the collected values.

CO₂ equivalents in operation

CO₂ equivalents in operation in 2022 have decreased from 21.7 to 18.2 kg CO₂eq/m² EBF compared to 2021.

-16.1%

Sustainability in practice

The detailed ESG rating serves as the basis for defining and measuring actions and targets for each property. We are driving the sustainability of our real estate properties forward with specific projects such as the installation of photovoltaic (PV) systems, water reduction measures and charging stations for electric cars.

Building with the goal of carbon neutrality

For new buildings and renovations, we capitalise on environmentally friendly energy sources as well as low energy consumption for the real estate in operation. We also focus on good building insulation, carbon-neutral heaters and install photovoltaic systems wherever possible and useful.

Up until 2022	4 PV systems with around 650 000 kWh/year and 620 kWp
2023	6 PV systems with around 2.4 million kWh/year and around 2250 kWp
2024	Probably at least 5 additional PV systems with 800 kWp



Photovoltaic system on a commercial property in Goldach

- Built in 2023
- PV system with 4235 modules
- Expected total energy production: 1.77 million kWh/year

Image: Andrea Scavini, www.goldgelb.ch

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 the expansion forward and have installed or prepared the following e-charging stations so that they can be put into operation within a few days.

2020–2022	53 e-charging stations
2023	91 new e-charging stations
2024	Over 500 new e-charging stations under review

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.

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
- Identification 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 it 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.



Various piles of stone and wood for animals and insects on the roof of the property help to preserve biodiversity.

Brief overview

2022

- Specific CO₂ reduction path via Switzerland's direct real estate portfolio
- Installation of 53 electric car charging stations by the end of 2022
- 4 PV systems with around 650 000 kWh/year and 620 kWp

2023

- Specific CO₂ reduction path via Germany's direct real estate portfolio
- CO₂ equivalents in operation on real estate in Switzerland -16.1% compared to 2021
- Development of the sustainability principles
- Installation of 91 electric car charging stations
- Implementation of the Goldach project with a 4235-module PV system and an expected total energy production of 1.77 million kWh/year
- 6 PV systems with around 2.4 million kWh/year and around 2250 kWp

2024

- Elaboration of precise criteria for the sustainability principles
- Over 500 electric car charging stations (currently under review)
- Probably at least 5 additional PV systems with around 800 kWp

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