Report on climate (TCFD) and nature

For more than five years, we have been publishing information on climate-related financial risks and opportunities and our measures to manage them. This disclosure aligns with the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD). We are constantly refining our sustainability and climate governance, regularly assessing climate risks and adjusting our strategies in order to minimise risks and make use of the opportunities associated with change. We follow the transition plan we developed, which, in addition to reducing emissions, also explicitly emphasises elements such as the circular economy, in order to continue to strengthen the resilience of our business model in the future.

In this report, we describe the further development of our risk management, based on the prior evaluation of climate-related physical and transitory risks and opportunities. In addition, we have taken the first steps to successively apply this process to natural hazards and general nature-related issues such as biodiversity. In doing so, we follow the voluntary recommendations of the TNFD (Task Force on Nature-Related Financial Disclosures), which corresponds to the TCFD structure.

Governance

We are confident that responsible, forward-looking leadership increases the Company's resilience and enables it to create long-term value for us, our shareholders and our stakeholders. For us, climate change and the opportunities and risks associated with it are indisputable. The real estate industry not only has a significant impact on greenhouse gas emissions, but is itself directly affected by climate change. Climate change is also one of the main drivers of the changes in our environment. Accordingly, we take a holistic approach to interrelated natural issues; this approach also encompasses land use and biodiversity. In view of this, we take our responsibility as the largest listed real estate company in Switzerland seriously.

The Sustainability Committee, which consists of members of the Board of Directors and reports directly to the full Board of Directors, is responsible for defining and reviewing the sustainability strategy (including the carbon reduction pathway), for managing climate-related opportunities and risks, for the content of sustainability and climate reporting and for specifying suitable framework conditions (governance) for both operating segments, Real Estate and Asset Management, in the form of overarching policies and objectives. These contents have been reviewed accordingly and approved for the 2025 financial year.

The Board of Directors takes strategic responsibility for climate topics, while the Sustainability Committee in collaboration with the Audit Committee is responsible for defining, reviewing and approving non-financial reporting, including quantitative content, and for supervising the group-wide internal control system, which also includes climate and ESG risks.

Operational responsibility lies with the Executive Board. While the Head Group Sustainability reports to the Sustainability Committee, the CFO and the Head Internal Audit and Risk represent management in Audit Committee meetings. This ensures that the financial implications of climate-related risks are factored in.

The Head Group Sustainability is responsible for the operational implementation of the group-wide sustainability and climate strategy and therefore plays a crucial role in ensuring greater integration in the management of financial and non-financial success factors and risks. The Project Manager Sustainability at Swiss Prime Site Immobilien and the Head Sustainability at Swiss Prime Site Solutions (Asset Management) support the Head Group Sustainability in this task.

Strategy

Climate- and nature-related risks and opportunities

In accordance with the TCFD guidelines, we make a distinction between physical risks and transitional risks and opportunities. Physical risks arise, for example, from extreme weather events, and directly impact properties, while transitional risks and opportunities arise from the decarbonisation of the economy and new legal, social, economic and technological framework conditions. TNFD follows the same categories, but expands them to include nature-related issues such as land use and biodiversity, as well as the associated risks and opportunities. We characterise each time frame according to the highest probability of occurrence and for measures as short-term (1–3 years), medium-term (3–10 years) or long-term (10 years or more). We consider the following risks and opportunities in particular to be significant and take account of them as an integral part of regular risk management:

Physical risks

Physical risks can be characterised as either chronic or acute. In the reporting year, we further evaluated and prioritised these risks together with an external partner and with the aid of data-driven software. This evaluation covered the entire Swiss Prime Site Immobilien AG property portfolio, and included not just the current status but also projections under climate scenario RCP[1] 8.5 in the time frame 2025–2040. This scenario, which is categorised as «pessimistic», works on the assumption of severe global warming (up to 4 degrees Celsius or more by the end of the century), which allows us to estimate potential extreme values.

Numerous physical risks such as heat, heavy rain, hail, frost and winter storms were analysed by location. Those for which there is no climate sensitivity were viewed as immaterial. This includes forest fires, ground subsidence, tornadoes or extreme cold weather, for example. The table below shows the physical risks with higher risk potential and corresponding measures for minimising risk:

Physical climate- and nature-related risks	Impacts on Swiss Prime Site AG	Measures
– Increasing summer temperatures (chronic) – More heat waves (acute) – Persistent heat waves (acute)	– Rising (ancillary) costs due to higher energy requirements for cooling – Potential falls in net rental income due to higher ancillary costs (gross rent perspective) – Lower rentability/higher vacancies (cost factor/unfavourable climate conditions of the property) – More stringent requirements on cladding and building services engineering – Compliance with promised indoor climate conditions Time frame: short-term / medium-term / long-term	● Regular review and updating of the property strategies, including CO_2 reduction pathway and implementation of the defined measures ● Gradual move away from natural gas and oil-based solutions ● Electrical energy obtained from renewable sources (including purchase of electricity from Swiss or European hydropower) ● Use of electricity from own energy generation: Roll-out of photovoltaic systems for defined locations and ongoing evaluation of further potential ● Gradual implementation of the Swiss Sustainable Building Standard (SNBS) in building construction (complying with stricter targets over time) ● Provisions in rental agreements (green leases) Metrics: – Total energy consumption – Cooling energy consumption – Share of renewable energy – CO_2 emissions (Scope 1 and 2) – Climate Value at Risk (in development)

[1] Representative Concentration Pathway (RCP)

Physical climate- and nature-related risks	Impacts on Swiss Prime Site AG	Measures
– Increase in extreme weather events (chronic) – Gale-force winds (acute) – Heavy hail (acute) – Frost (acute)	– Increased insurance costs – Structural damage to buildings – Strict construction quality requirements – Lower rentability/higher vacancies – Liability risk with respect to tenants due to defects in rented property – Restricted usability of or access to buildings Time frame: short-term / medium-term / long-term	● Detailed analysis of building locations ● Consideration of potential extreme weather ● Analysis of building structure and stability ● Review of insurance cover (geophysical and climatic risk analysis with external partner) Metrics: – Value of damage caused by extreme weather events – Total costs of special measures for prevention – Climate Value at Risk (in development)
– Changed precipitation patterns (chronic) – Intensive drought (acute) – Heavy rainfall (acute) – Flooding (acute)	– Stricter requirements on quality of location – Increased insurance costs – Structural damage to buildings – Strict construction quality requirements – Lower rentability/higher vacancies – Liability risk with respect to tenants due to defects in rented property – Restricted usability of or access to buildings – Restrictions on water usage Time frame: short-term / medium-term / long-term	● Analysis of flooding risk across the whole property portfolio and for specific projects ● Consideration of potential environmental damage Metrics: – Value of damage caused by extreme weather events – Total costs of special measures for prevention – Climate Value at Risk (in development)

● Measures launched ● Measures partially addressed ● Measures not yet launched

The scenario analysis revealed that, for the period 2025–2040, floods are the most relevant of the acute physical risks. However, the spatial distribution of this risk is highly heterogeneous and the scenario analysis allows for prioritisation for specific examination and planning of measures. Among the chronic risks, the continuous rise in temperatures and heat stress, above all in metropolitan areas, bears potential for increased demands on building fabric, insulation and interior cooling. Overall, the analysis shows that the financial implications of the direct physical climate risks for the property portfolio in Switzerland over the next 15 years are relatively low, and that they are essentially covered via insurance policies for natural disasters. In particular, this includes fire damage and natural disasters such as fire, smoke, floods, hail and storms, and also damage from rain and melt water.

Transitional risks and opportunities

Along with the physical risks, transitional risks and opportunities were also analysed and examined in the context of a scenario. In accordance with Swiss climate legislation and the TCFD standard, it is important to view transitional risks and opportunities in the context of a sustainability scenario (in this case RCP1.9: «optimistic» scenario with compliance with the 1.5 degree goal). This scenario is accompanied by economic and social transformation. All transition topics identified and described above relate to this transformation.

Transitional risks and opportunities	Impact on Swiss Prime Site	Measures
Social impacts of climate change		
Negative impacts on the health and well-being of individuals	– Increasing requirements in terms of comfort and indoor climate (e. g. GI[1] certifications) as well as outdoor areas adapted to the climate and nature – Lower attractiveness or rentability of «warm» spaces – Sick building syndrome Time frame: short-term / medium-term / long-term	● Location and use of the buildings must be factored in ● Consideration of the effect of rising temperatures on living and working comfort in properties, particularly in cities ● Accelerating nature-based solutions: Identifying and implementing preventive measures, e.g. increasing the proportion of green and water spaces ● Project-specific consideration through the use of suitable materials and individual property-specific consideration through the use of suitable materials in renovations ● Prevention through suitable insurance Metrics: – Number of tenant complaints – Total costs of special measures to prevent situations injurious to health
Change in customer focus/reputational risks and opportunities	– More stringent requirements and targets from investors regarding resilience of products and services offered – More stringent requirements from tenants regarding building and space standards (certifications) – Tenant and investor requirements on sustainable procurement (supplier management) and construction technology (materials) Time frame: short-term / medium-term / long-term	● Project-specific consideration of sustainability criteria for existing properties and new build projects ● Additional sustainability requirements for suppliers ● Comprehensive and integrated reporting ● Carrying out of surveys of tenants and employees with specific questions Metrics: – Demand for certifications of buildings and rented spaces – Enquiries by tenants/the public/investors on sustainability of properties – Results of surveys of tenants and employees

● Measures launched ● Measures partially addressed ● Measures not yet launched

[1] GI: Good indoor climate

Transitional risks and opportunities	Impact on Swiss Prime Site	Measures
Regulatory changes		
Regulations on the use of renewable energies and energy efficiency	– Increasing requirements and costs to develop and operate real estate – Regulatory requirements on sustainable procurement (supplier management) and construction technology (materials) – Significant additional costs if new guidelines are not proactively considered, e. g. by replacing fossil fuel-based heating systems before the end of the life cycle – Limited usability of buildings (vacancy) Time frame: short-term / medium-term / long-term	● Proactive monitoring of regulatory and technical developments ● Portfolio analysis to identify risks ● Implementation of requirements for new construction projects ● Implementation of requirements for existing properties ● Project-specific consideration of sustainability criteria for existing properties and new build projects ● Property-specific consideration through the use of suitable materials in renovations ● Factoring in of new requirements into property strategies for existing real estate Metrics: – Energy management (current efficiency and energy mix)
Requirements for the use of space/reuse/recycling of materials (circular economy)	– Additional requirements for building planning, development and demolition (e. g. minimum quotas for recycling and recyclability of building materials, use of space and species protection) – Rising construction costs and longer planning phases due to increased planning and structural requirements Time frame: short-term / medium-term / long-term	● Implementation of requirements for new construction projects ● Implementation of requirements for existing real estate ● Actively monitor technical and regulatory developments, set requirements based on findings if necessary ● Supplier management ● Alignment with implementation of Circular Building Charta Metrics: – under development, incl. in the context of Circular Building Charta community
Expectations about sustainability information		
Investors, regulators and the public are stepping up the debate about sustainability	– Attractiveness for investors can be increased with potential impact on the share price and financing (e.g. green finance) – Further integration of sustainability into the business model necessary – Impact on fair value; higher valuation expenses – Sustainable investments in properties necessary to boost valuations (long investment cycles vs. short-term valuation) – Increased relevance of reporting – Increased benefit and expense of gathering and maintaining relevant data – Additional expense of identifying and gathering relevant data across the whole value chain Time frame: short-term / medium-term / long-term	● Integration of sustainability requirements into property strategies ● Targeted increase in investment in sustainability of real estate ● Timely responses to questionnaires from institutional investors and leading rating providers (MSCI, ISS ESG, Sustainalytics, GRESB) ● Separate sustainability roadshows with ESG managers of institutional investors ● Monitoring of ESG KPIs in business processes and property strategies ● Annual integrated reporting Metrics: – Investor relations enquiries – Sustainability ratings (e. g. ESL) for properties and companies – Total investment in sustainability of real estate

We believe that the topics named in the «sustainability scenario» represent a risk that is moderate as a whole, and that overall it is outweighed by opportunities. Our strategy is geared towards positioning us as a sustainability leader in the industry and securing competitive advantages through a proactive approach – for example by progress with the circular economy and options for sustainability-conscious investors, as explained in the climate transition plan that follows. Additionally, we aim to pre-empt the anticipated regulatory developments in the context of climate change and address them early on. New legislation and regulations concerning climate require adaptations, but also offer regulatory clarification that offers us an advantage as a real estate group that plans for the long term.

Resilience

The extensive recording and evaluation of physical and transitional risks and opportunities, and their projected development based on climate scenarios, enable us to assess our resilience in the face of climatic changes. For example, the RCP 8.5 climate scenario that we used (up to four degrees warmer or more by the end of the century) imagines a steady intensification of physical climate risks which we are nonetheless well able to manage with measures that are already in effect. The results of the property-specific climate risk analysis lead us to developing specific emergency plans and re-evaluating insurance cover. The evaluation of the transitional risks and opportunities based on the RCP 1.9 sustainability scenario (achievement of 1.5 degree Celsius target) identifies the measures that need to be boosted or adjusted to further strengthen our already resilient business model.

To increase our resilience, nature-positive solutions in particular are proving to be levers for mitigating physical risks and making use of transition opportunities.

We are well positioned to deal with the main climate-related risks and to differentiate ourselves in the market by our proactive approach and the resulting opportunities in our own property portfolio as well as in asset management. In doing so, we are building on strengths including our substantial investment capacity, leading expertise in the planning, construction and operation of real estate, and a well developed culture of innovation. We are pursuing a strategic climate transition plan in order to ensure that our opportunities outweigh the risks.

Climate transition plan

Our climate transition plan covers several strategic action areas, which collectively demonstrate that we are working towards a specific climate target in line with a 1.5 degree world, minimising climate-related risks while also utilising opportunities that emerge.

Investments in line with the CO_2 reduction target

The most important action area is the property portfolio held by Swiss Prime Site Immobilien. Swiss Prime Site Immobilien has been following an ambitious CO_2 reduction pathway since 2019 and aims to have a climate-neutral property portfolio by 2040. The reduction pathway is based on the 1.5 degree Celsius goal set out in the Paris Agreement and is to be achieved through measures in the Company's own property portfolio. The Swiss Climate and Innovation Act formalises the goals of the Climate Agreement for the real estate sector, among other things, and defines interim targets, on the basis of which the reduction pathway is updated. Current examples of measures carried out in the reporting year to achieve this goal are summarised in the section «Sustainability in use and operations». The property portfolios managed by Swiss Prime Site Solutions have adopted the same principles, i.e. CO_2 reduction pathways have been developed with the goal of net zero by 2050.

In addition to recording Scope 1 and 2 emissions, the collection of Scope 3 emissions (Category 3.3 and 3.13) relating to Swiss Prime Site and the Company's property portfolio is being further developed and refined in order to integrate these emissions into the reduction pathway in the future.

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Circular economy

The circular economy is relevant to several climate-related thematic areas because it enables greater energy and resource efficiency in construction and use of properties. For example, the use of renewable and recycled building materials can reduce emissions. Along with climate change, resource use and pollution are two other key drivers of change affecting the natural foundations of our lives – we are generating a positive impact in all three areas by promoting the circular economy.

In 2023, we played an active role in the development and launch of the Switzerland-wide Circular Building Charta, confirming it as the first signatory in 2023. The roadmap based on the Charta and the Charta community, which meets for regular workshops, enable shared learning and the active promotion of circular approaches in the real estate sector. Alongside internal workshops, working groups are an important tool for the further development of approaches and standards (see Scope 3 Real Estate white paper).

→ READ MORE: CIRCULAR ECONOMY

Active certification strategy for development projects and existing properties

We pursue a comprehensive certification strategy in relation to our development projects (esp. SNBS, DGNB/SGNI), in our own portfolio of existing properties (in particular the BREEAM assets) and for specific leased facilities and leased objects in asset management (esp. DGNB GiB). By consistently aligning ourselves with established sustainability certifications and the associated processes, we firstly ensure comprehensive consideration of sustainability aspects in construction and the corresponding sustainability performance, and secondly pursue continuous improvement against the respective sustainability criteria throughout the in-use certification process.

Discussions with stakeholders

We are in continual dialogue with investors, customers and other stakeholders. Topics related to climate change are increasingly a part of these discussions. In the reporting year, we again reported on our commitment to climate protection and sustainability at the annual Capital Markets Day.

→ READ MORE: OUR STAKEHOLDER GROUPS

Awareness-raising, further training and incentives

Swiss Prime Site places great importance on the topic of climate change and other nature-related topics in its internal communications and the professional development of its employees. For example, we hold regular internal training sessions with our employees on the topics of sustainability, climate change and CO_2 management. Discussions carried out as part of the risk management process also help ensure that all employees take climate-related opportunities and risks into account. The establishment of sustainability targets has made sustainability aspects an integral part of the business plans of both business segments, and hence they apply to all our own investments and externally financed investments in the real estate area.

Moreover, we have incorporated sustainability-related performance indicators into the compensation guidelines since 2022. Establishing compensation-related sustainability goals helps the Company integrate non-financial aspects even more systematically into its corporate processes and improve their performance.

→ READ MORE: SWISS PRIME SITE COMPENSATION REPORT

Innovation management

As part of our innovation management, we deal with disruptive topics such as climate change and trends that are gaining in significance in the context of climate change. The Company uses the skills of employees from various areas to develop approaches for the various property portfolios that can help resolve environmental and social challenges. This includes innovation workshops on topics such as placemaking and urban mining (see Circular economy). We are also addressing ideas relating to blue-green infrastructure, which involves the targeted use of water systems and greening elements.

→ READ MORE: INNOVATION AS A DRIVER OF SUSTAINABILITY

Risk management

Climate-related risks are an integral part of our general risk management process. To assess these specific risks, we use both event-based scenario analyses and science-based modelling using the «Climate Value at Risk» metric.

In event-based scenario analysis, we assess physical and transitory climate risks annually using qualitative scenarios and available databases (environmental analyses at the individual property level). Potential events are evaluated according to their probability of occurrence and their potential for damaging the business. We also take into account the expected timing of the impact and the time frame for implementation of risk minimisation measures. Responsibilities for the defined measures are broken down by the organisational structure of Swiss Prime Site Immobilien and Swiss Prime Site Solutions. These evaluations serve as a tool to help the Executive Board and the Board of Directors identify at an early stage specific measures that can mitigate or eliminate the expected negative impact on the Company.

The event-based risk analysis was supplemented in 2019 by an initial evaluation of Climate Value at Risk for the Swiss Prime Site Immobilien property portfolio. We monitor advancements in the options for analysis and periodically review whether a new evaluation of Climate Value at Risk is expedient.

Climate-related risks are regularly evaluated and prioritised together with other risks for the Company. The results of these evaluations feed into our strategic planning and operational decisions to ensure that we can respond proactively to changes. We are currently preparing to extend this methodology to other natural risks. Our portfolio strategy is regularly analysed and adjusted to ensure that it addresses the current and future challenges of Swiss Prime Site. This process involves defining overarching climate-related targets and measures, which are implemented in individual property strategies at the level of the specific property.

Our risk minimisation measures include the phasing out of fossil fuels in favour of renewable energies. We are committed to the installation of photovoltaic systems and the implementation of the Swiss Sustainable Building Standard (SNBS). Our analysis has shown that floods are the most relevant of the acute physical risks, and we have implemented measures for improving protection against this risk. In addition, rising temperatures and heat stress have led to adjustments to building fabric and building services engineering. In the process of our certification renewals, including BREEAM certification, we prepare and revise emergency plans on all acute physical risks identified. We also evaluate the integration of nature-based solutions to mitigate physical risks.

Our analyses and measures are reviewed and updated on a regular basis to ensure that they are appropriate to the latest research findings and regulatory requirements. This structured approach ensures that climate risks are effectively managed at both a strategic and an operational level.

Metrics and goals

To date, our emissions reduction targets have been based on the CRREM reduction pathway. The pathway is currently being aligned with the requirements of the Swiss Climate and Innovation Act and adapted where necessary to comply with both the voluntary framework under CRREM and legislative requirements.

In addition, we take relevant sector standards such as EPRA, REIDA and GRESB into account when developing our climate strategy. The precise targets for reducing emissions and increasing the use of renewable energies are explained in our ESG roadmap in the section «Ambitions and targets».

These sectoral standards include both nature-related criteria and, increasingly, biodiversity information. In line with these standards, we provide information about our measures to support nature and use them to measure our progress.

The climate- and nature-related metrics that we use are allocated to the respective physical and transitional risks (see «Physical risks» and «Transitional risks» tables) and listed in the section «Key sustainability figures» and/or described in detail in the «Notes on key environmental figures».