

SWISS PRIME SITE

**19 October
2020**

GREEN BOND FRAMEWORK



1. Overview

1.1. Swiss Prime Site company description

Swiss Prime Site AG is the leading listed real estate company in Switzerland. Its high-quality Swiss real estate portfolio as per 30 June 2020 is worth c. CHF 12 billion and consists of properties with good value retention in prime locations, which predominantly comprise office and retail floor space. Swiss Prime Site Immobilien AG invests in high-quality buildings and land, which together with property conversions and developments form the company's core business. Among the property-related group companies, Wincasa is the largest and most important integral real estate service provider in Switzerland and an ideal complement to Swiss Prime Site's core business. The company's innovative services portfolio encompasses the entire property life cycle. Assets under management amount to around CHF 71 billion. In 2017, the group launched Swiss Prime Site Solutions, an asset manager focused on the property sector. The business develops tailor-made services and investment products for third-party clients.

Swiss Prime Site is distinguished by its experienced management team, high earnings continuity and outstanding risk-return profile. The company has been listed on the SIX Swiss Exchange since 2000 and has a market capitalisation of approximately CHF 7 billion.

The business model focuses on the social and ecological aspects of its value-generating processes as well as their economic performance.

Thanks to our Swiss Prime Site Immobilien (core business real estate), Swiss Prime Site Solutions (asset management), Wincasa (real estate services) and Jelmoli (retail operation), we maintain a diversified profile which compensates for fluctuations in individual business fields and ensures the Group's long-term economic viability. Each has a key role to play in the execution of Swiss Prime Site's strategic objective of creating sustainable living and working spaces. We see value generation as a comprehensive concept. The focus is not limited to revenues, but also encompasses such aspects as innovation, added value for employees and the environment and relationships with stakeholders such as clients and suppliers.

The size and structure of Switzerland's economy and population are constantly evolving. This affects the demand for real estate. Our customers are becoming increasingly aware of the need for a sustainable economy and sustainable lifestyles, as indeed is society as a whole. As the leading real estate company in Switzerland, we create more value and develop sustainable habitats. Sustainability is therefore an intrinsic part of our strategy and of our day-to-day business, we are committed to providing sustainable and innovative investments, products and services as well as set new standards. We have a long track record of sustainable real estate developments as well as real estate refurbishments. We focus on both certified properties and CO₂ reduction pathway on the overall portfolio.

We believe that to be successful in the long-run, we need to align our business performance with the expectations of our stakeholders and with society in general.

1.2. Commitment to sustainability

Sustainability is an integral part of our corporate strategy and business activities. Our sustainability targets are guided by national and international frameworks, such as the Energy Strategy 2050, the Paris Agreement and the Sustainable Development Goals (SDGs) of the United Nations. As a real estate company, our focus is on the overarching goal of «Sustainable Cities and Communities».

We offer perspectives

We act with an awareness of the environment and its resources. We want to do our bit to support the United Nations' two-degree target by systematically decreasing our CO2 emissions. Our properties are built in accordance with green and sustainable building standards such as LEED, Minergie or the Swiss Sustainable Building Standards (SNBS). As a partner of Madaster, we are dedicated to promoting a circular economy in the field of real estate and construction.

We shape the future

Sustainability is one of the factors that drives our innovation. With pioneering construction projects such as JED and YOND, we are forging new paths and continuing to develop. We partner with various start-up initiatives, engage in corporate venturing and hold regular innovation workshops. Our success relies on our skilled, dedicated employees, to whom we offer an attractive, open working environment and individual development opportunities.

Creating sustainable value

Our activities and those of our group companies create sustainable value. In this context, we transparently indicate which resources we use and how we implement them in a targeted manner.

Our Sustainability targets are set across six dimensions (Stakeholders, Finance, Infrastructure, Innovation, Ecology, Employees), both at Group level and for the individual Group companies.

While the Group's overarching targets will be described in all six dimensions, the focus at the operational level will be on the working environment, digitalization and raising energy-efficiency levels in the Group's operations and its real estate portfolio.

1.3. Alignment with the UN Sustainable Development Goals

Sustainability is an integral part of our corporate strategy and business activities. Our sustainability targets are based on the Federal Council's Energy Strategy 2050, the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs) of the United Nations.

From these seven SDGs, Swiss Prime Site derived the following adapted goals with guiding principle SDG 11.

SDG	UN goal description	Adapted goals for Swiss Prime Site
4 QUALITY EDUCATION	Ensure inclusive, fair and high-quality education and promote opportunities for lifelong learning for all	Sponsor individual professorial chairs and continue to develop training and education opportunities as a learning environment for all
8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all	Raise profitability while increasing the efficiency of resource utilization and maintaining corporate values and principles of equal treatment for all
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	Invest in new technologies and sustainable buildings with innovative floorspace utilisation concepts and offerings
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable	Use existing properties more intensively and take a participative approach to new projects and large site transformations which incorporates their utilisation by local communities
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	Define and monitor sustainability criteria for the entire product life cycle from construction to demolition
13 CLIMATE ACTION	Develop measures to combat climate change and its effects as a matter of urgency	Reduce resource consumption and implement measures to protect against climate-related risks and dangers
17 PARTNERSHIPS FOR THE GOALS	Revitalize the global partnership for sustainable development	Establish national and regional partnerships for knowledge transfer, joint developments and shared projects

Our ambition is to be the most collaborative and trusted company in the real estate industry, providing leading innovations to help our customers enhance their well-being, wherever they are.

Swiss Prime Site's objective is to foster enduring sustainability. We took the approach of determining the materiality of a range of core topics and situating these on a matrix which matches our corporate values with the six dimensions of the sustainability roadmap.

The UN's SDG's are the core elements in its 2030 Agenda. By analysing these, it is possible to determine how each goal specifically applies to Swiss Prime Site and what actions need to be taken to meet it.

Determination of goals

Stakeholders		  
Finance		
Infrastructure		
Innovation		
Ecology	 	  
Employees		   

☐ Material to Swiss Prime Site

Strategic goals

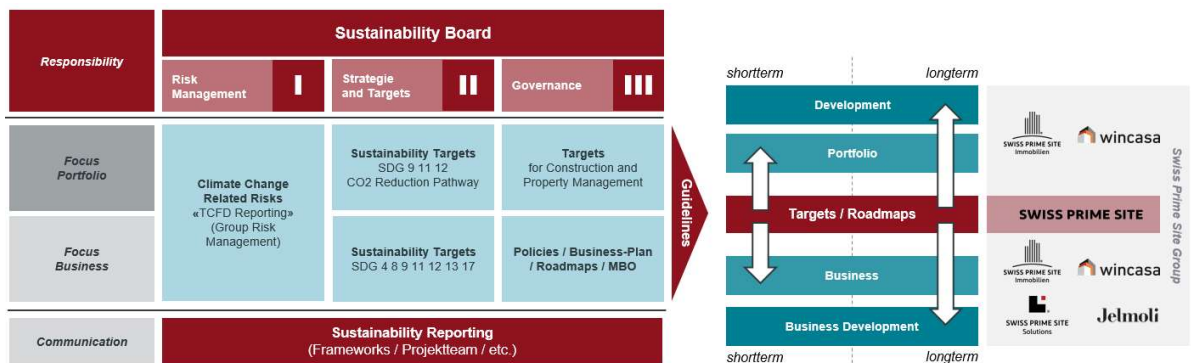
Partnership goals Strategic goals		 
Corporate goals Group and project goals	 	 

☐ Swiss Prime Site core business

SPS considers SDG 11 «Sustainable Cities and Communities» to be the guiding principle from these adapted goals. Among others, these include urbanisation, intergenerationality and climate-adapted design of living spaces. Focusing on individual goals not only fosters communication with stakeholders but also opens up the development of new products and services. SPS is therefore aiming to make its own contribution to the «Smart City» strategy, which is based on SDG 11.

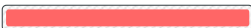










With the Sustainability Board, which has been in existence since 2019, the highest decision-making body in terms of sustainability for Swiss Prime Site has been created at a strategic level. The Board deals with (climate) risks, defines the Group's sustainability strategy and the resulting objectives and is responsible for the implementation of sustainability aspects in governance. The Board, consisting of representatives from the Board of Directors, management and specialists, also ensures the integration of sustainability into the overall strategy in the Board of Directors.

As a real estate group with a portfolio of CHF 12 billion, the sustainability strategy differentiates between the "Focus Portfolio" real estate held, as an essential element of the group, and the business or group companies "Focus Business". The overall sustainability strategy of the Group is operationalised within the framework of the established business, business plan and target agreement processes with the Group companies. Implementation in the "Business" part is the responsibility of the individual Group companies and, for the "Portfolio" property portfolio, of the management of the Group company Swiss Prime Site Immobilien within the framework of the established property management processes (see diagram).



The disclosure of topics relevant to sustainability is made as part of the Group's annual integrated reporting.

Our ambition is to be the most collaborative and trusted company in the real estate industry, providing leading innovations to help our customers enhance their well-being, wherever they are.

	2018 goals	Goal achievement level 2018 (0-100%)	2020 goals
Stakeholders	Hold a second stakeholder panel and expand the network with start-ups		Hold Academy Day
Finance	Develop scenarios to identify possible risks to Swiss Prime Site's business from climate change		Issue green bond
	Report on scenarios based on TCFD (Task Force on Climate-related Financial Disclosures) recommendations		
Infrastructure	All employees to re-commit to the Code of Conduct		Prepare certification of group according to ESG criteria (certification 2021)
	Evaluate functional adequacy of 2018 data-protection concept		Complete review of data protection concept
Innovation	Formulate uniform BIM (Building Information Modelling) parameters for all new developments		
	Specify all new developments based on BIM (Building Information Modelling) parameters		Roll out BIM parameters for all new development projects from 1 January 2020
Ecology	Compile key environmental metrics in accordance with carbon-accounting concept		
	Cut revenue-related CO ₂ emissions by at least 5%		Cut revenue-related CO ₂ emissions by at least 5%
Employees	Continue leadership training courses Start trainee programme		
	Average fluctuation rate < 18%		Average fluctuation rate < 20%

2. Swiss Prime Site Green Bond Framework

As part of its commitment to sustainability, Swiss Prime Site has designed this Green Bond Framework under which Green bonds can be issued to finance or refinance eligible green projects, enabling us to meet our sustainability objectives.

We aim to reinforce our commitment to sustainability and consider Green Bonds as a key financing instrument to support our efforts. Through the setup of a Green Bond program, we intend to accelerate the transition toward sustainable real estate investments and broaden our investor base to reach further like-minded investors.

This framework is designed to be in line with the International Capital market Association (ICMA) Green Bond Principles (2018) and as such, adopts the four key pillar as follows:

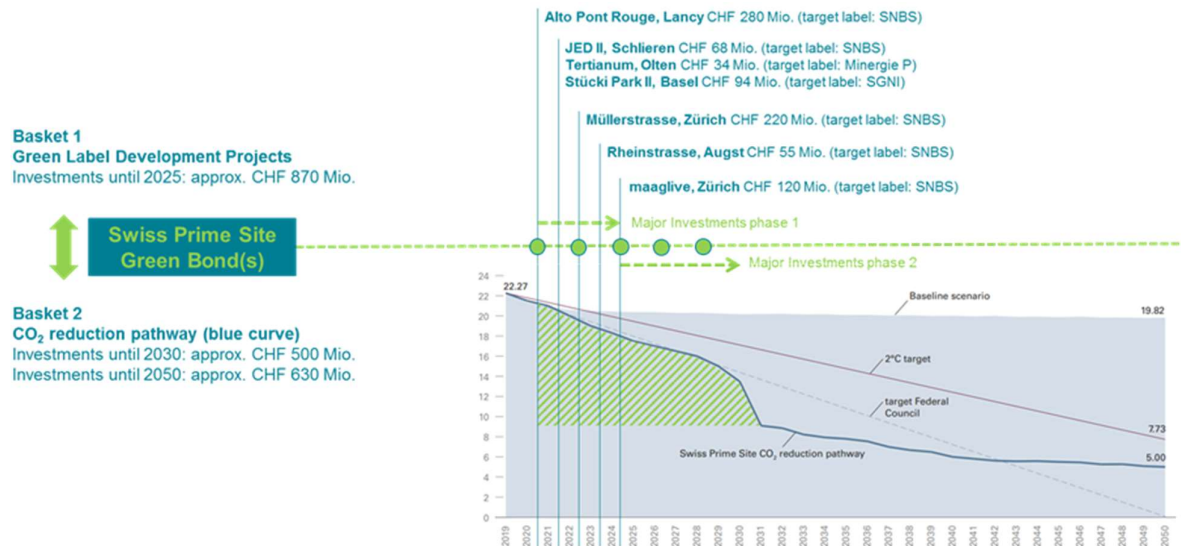
- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

The Green Bond Principles are voluntary process guidelines that are accepted as one of the main guidelines for issuance of Green Bonds in the capital markets globally.

In establishing its Green Bond Framework, SPS also considered the guidance provided by the United Nations Sustainable Development Goals (SDGs) and the latest reports on the European Union taxonomy for sustainable activities, prepared by the Technical Expert Group on Sustainable Finance.

2.1. Use of Proceeds

The proceeds of our Green Bond issuance will be used to finance or re-finance, in whole or in part, new or existing sustainable projects or assets and operating expenditure with a clear and defined environmental or social benefit ("Eligible Expenditure") either for Green Label Development Projects (Basket 1) or for the CO2 Reduction Pathway of the Investment Property Portfolio (Basket 2) (see diagram).



Eligible Projects or Assets financings for Swiss Prime Site

Category	Description	Example of existing eligible SPS assets
Green buildings	<ul style="list-style-type: none"> ■ Acquisition, construction or refurbishment of buildings which meet recognized standards (primary focus for Green Bond issue), including the following <ul style="list-style-type: none"> - Minergy certification - SNBS - BREEAM (Very good and above) - LEED (Gold and above) 	<ul style="list-style-type: none"> ■ Current list of eligible properties (see Annex).
Climate action and CO2-emissions	<ul style="list-style-type: none"> ■ The proceeds will only be used to finance projects that contribute to (1) reduction of overall energy use and / or (2) reduction of CO2- and GHG-emissions ■ An overall goal to operate the portfolio with [50%] of renewable energy and without CO2-emissions 	<ul style="list-style-type: none"> ■ Progress tracking of CO2 reduction pathway based on Swiss Prime Site Sustainability Report.
Responsible consumption and production	<ul style="list-style-type: none"> ■ Use of materials low in pollutants and renewable materials ■ Buildings with maintained of low energy consumption ■ Potential measurements include: <ul style="list-style-type: none"> - % of portfolio that uses 100% renewable energy - Primary energy consumption - CO2e caused by heating/hot water - Energy savings - Electricity (general/tenants) - CO2e caused by Electricity similarly 	<ul style="list-style-type: none"> ■ Whenever feasible, Swiss Prime Site pursues the rollout of PV facilities.

2.2. Process for Project Evaluation and Selection

Projects financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the Green Bond Eligibility Expenditure Criteria and alignment with Swiss Prime Site's strategic sustainability objectives.

Swiss Prime Site has established a Green Bond Committee composed of members of the Group Executive Board working jointly with the management teams from each Group company and specific representatives from the operational units to define appropriate initiatives and metrics for measuring their achievement. The Committee will also oversee the Green Bond implementation of the allocation and selection process of the Eligible Sustainability Project Portfolio.

In this way it will be possible to regularly determine the implementation progress and whether any adjustments need to be made. All the proceeds of the Green Bond will be allocated to the selected Eligible Sustainability Project Portfolio in accordance with the respective eligible expenditure.

Swiss Prime Site will ensure that all selected Eligible Expenditure comply with official national and international environmental and social standards, local laws and regulations on a best effort basis. Swiss Prime Site will report yearly on its Group sustainability commitments along all six dimensions and, since 2016, these reports have been formulated in accordance with the internationally recognised Global Reporting Initiative (GRI) standards.

In this way, Swiss Prime Site provides all interested stakeholders with transparent, regular and reliable information about its sustainability endeavours.

2.3. Management of Proceeds

Swiss Prime Site intends to allocate the proceeds from the Green Bonds to an Eligible Green Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above.

To ensure proceeds are allocated in accordance to the Green Bond Framework, we will track the receipt and use of proceeds to the extent feasible via our internal reporting systems, ensuring all Eligible Expenditures in the Green Bonds are appropriately identified. Swiss Prime Site will strive, over time, to achieve a level of allocation for the Eligible Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of an amount equal to the net proceeds from its outstanding Green Bonds.

In the case where a project no longer meets the eligibility criteria, the funds will be reallocated to other eligible sustainable projects. Payment of principal and interest will be made from our general account and not be linked to the performance of the eligible green projects.

2.4. Reporting

Swiss Prime Site will publish a monitoring report on an annual basis until full allocation. This will:

- Provide an update of total amount of proceeds allocated to Eligible Projects and Assets
- State the remaining balance of any unallocated funds
- Describe the qualitative and where possible and feasible, quantitative, indicators of the projects' environmental impact

Each annual report will be reviewed by the Green Finance Committee, approved by the Chair and verified by an independent assurance provider in advance of publication.

The report will follow where feasible, ICMA harmonized framework for impact reporting.

In addition, Swiss Prime Site is committed at reporting impact metrics of its eligible Green Portfolio, in line with the annual environment KPI report.

[https://sps.swiss/fileadmin/user_upload/redakteure/gruppe/pdf/geschaeftsberichte/en/Sustainability Key Indicators 2019.pdf](https://sps.swiss/fileadmin/user_upload/redakteure/gruppe/pdf/geschaeftsberichte/en/Sustainability_Key_Indicators_2019.pdf)

2.5. External Review

We will engage external independent accountants to review that the assets included in the Swiss Prime Site Bond Asset Portfolio meet the Swiss Prime Site Eligibility Criteria and are not invested in other assets. Further, independent accountants will be engaged to review that the aggregate amount in the Eligible Portfolio is equal to or greater than the aggregate amount raised by Swiss Prime Site Green Bonds.

Annex

Green Bond – Eligible Properties

Status	No.	Address/Description	Zip	City	Certificate
IP	3534	Hardstrasse 201/Prime Tower	8005	Zürich	Minergie, Leed
IP	3535	Maagplatz 1/Platform	8005	Zürich	Minergie, Leed
IP	3650	Wankdorfallee 4/EspacePost	3014	Bern	Minergie, DGNB Gold
IP	3649	Hagenholzstrasse 60/SkyKey	8050	Zürich	Leed Platinum
IP	6031	Flurstrasse 55/Medienpark	8048	Zürich	Minergie
IP	3109	Zählerweg 4, 6/Dammstrasse 9/Landis+Gyr-Strasse 3/Opus 1	6300	Zug	Minergie
IP	3112	Zählerweg 8, 10/Dammstrasse 21, 23/ Opus 2	6300	Zug	Minergie
IP	3672	Viktoriastrasse 21, 21a, 21b/Schönburg	3013	Bern	SNBS
IP	3670	Chemin de Riantbosson 19/Riantbosson Centre	1217	Meyrin	Minergie
Dev	5381	Hochbergerstrasse 60/Stücki Park (Neubau)	4057	Basel	SGNI Gold
Dev	3686	Esplanade de Pont-Rouge 5, 7, 9/Alto Pont-Rouge	1227	Carogue GE	SNBS
Dev	3695	Zürcherstrasse 39/JED Neubau	8952	Schlieren ZH	SNBS
Dev	3692	Müllerstrasse 16, 20	8004	Zürich	SNBS
Dev	3681	Riva Paradiso 3, 20/Du Lac	6900	Paradiso	SNBS
Dev	3536	Hardstrasse 219/Eventblock Maag	8005	Zürich	SNBS
Dev	5091	Route de Pré-Bois 14/Geneva Business Terminal	1216	Cointrin	SNBS

IP = Investment Property

Dev = Development

Disclaimer

This report contains statements regarding future financial and operational developments and results as well as other projections that are forward-looking or contain subjective assessments that are not historical facts. In some cases, these forward-looking statements can be identified by the use of words such as «believe», «estimate», «anticipate», «expect», «intend» and similar expressions as well as their negative equivalent. Such forward-looking statements or subjective assessments (hereinafter referred to as «forward-looking statements») are based on expectations, estimates and assumptions that seem to be appropriate to the Company at the time of the preparation of the report. However, the actual results may differ from these statements. A number of factors, such as the ability of the management to implement the business strategies of Swiss Prime Site AG, the future conditions and developments in the market in which Swiss Prime Site AG operates, or the market behaviour of other market players, may differ materially from the anticipated results including the actual business situation, results of operations and financial condition of the Company. In addition, past trends are not indicative of any future trends. Swiss Prime Site AG, its associates, their employees, their advisers as well as other people involved in the preparation of the report explicitly disclaim any warranty or guarantee that information contained in this report is still correct and complete at any time after its publication. Furthermore, they disclaim any obligation to publish updates or amendments regarding the forward-looking statements made in this report in order to reflect changes in the events or circumstances on which these forward-looking statements are based except as required by law. Readers of this report should therefore not rely on the forward-looking statements expressed.