

Climate report in accordance with TCFD

Since the 2019 financial year, Swiss Prime Site has been reporting in accordance with the «Task Force on Climate-related Financial Disclosures (TCFD)» guidelines on the impact of climate-related financial risks on the Company's business activities and the measures taken to proactively manage these risks. Since then, we have endeavoured to continuously enhance the Company's governance around sustainability and climate issues. In addition, we regularly update the climate risk assessment and the definition, optimisation and implementation of new and existing measures for minimising risks and seizing opportunities in connection with climate-related transition.

In the current report, we widen our focus accordingly. Physical risks in our own property portfolio were evaluated in greater detail and examined together with transitional risks and opportunities in the context of selected scenarios. We are constantly refining our climate transition plan and progressively broadening our focus to incorporate relevant Scope 3 categories.

Governance

We are confident that responsible, forward-looking leadership increases the Company's resilience and enables it to create long-term value for ourselves, our shareholders and our stakeholders. For us, there is no doubt that climate change and the opportunities and risks associated with it play an extremely important role as the real estate industry has a significant impact on greenhouse gas emissions and is itself directly affected by climate change. 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 the operating segments in the form of overarching policies and objectives. These contents were reviewed accordingly and approved for the 2024 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 also 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. In this task, the Head Group Sustainability is supported by the Project Manager Sustainability at Swiss Prime Site Immobilien and by the Head Group Sustainability at Swiss Prime Site Solutions.

→ [REFERENCE COMPENSATION REPORT: SUSTAINABLE SHARES](#)

Strategy

Climate-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 from extreme weather events, for instance, and directly impact properties, while transitional risks and opportunities arise from the decarbonisation of the economy and new legal, social, economic and technological settings. 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 material 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 property portfolio, and included not just the current status but also projections under climate scenario RCP8.5 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 extremely cold weather, for example. The table below shows the physical risks with higher risk potential and corresponding measures for minimising risk:

Possible events caused by climate change	Impact on Swiss Prime Site	Measures
<ul style="list-style-type: none"> – Increasing summer temperatures (chronic) – More heat waves (acute) – Persistent heat waves (acute) 	<ul style="list-style-type: none"> – 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 – Complying with promised indoor climate conditions <p>Time frame:</p> <p>short-term medium-term long-term</p>	<ul style="list-style-type: none"> ● Regular review and updating of the property strategy, including CO₂ 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) <p>Metrics:</p> <ul style="list-style-type: none"> – Total energy consumption – Cooling energy consumption – Share of renewable energy – CO₂ emissions (Scope 1 +2) – Climate Value at Risk (in development)
<ul style="list-style-type: none"> – Increase in extreme weather events (chronic) – Gale-force winds (acute) – Heavy hail (acute) – Frost (acute) 	<ul style="list-style-type: none"> – 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 <p>Time frame:</p> <p>short-term medium-term long-term</p>	<ul style="list-style-type: none"> ● 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) <p>Metrics:</p> <ul style="list-style-type: none"> – Value of damage caused by extreme weather events – Total costs of special measures for prevention – Climate Value at Risk (in development)

Possible events caused by climate change	Impact on Swiss Prime Site	Measures
<ul style="list-style-type: none"> - Changed precipitation patterns (chronic) - Intensive drought (acute) - Heavy rainfall (acute) - Flooding (acute) 	<ul style="list-style-type: none"> - 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 <p>Time frame:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <div style="width: 20px; height: 10px; background-color: black; margin: 0 auto;"></div> <p>short-term</p> </div> <div style="text-align: center;"> <div style="width: 20px; height: 10px; background-color: black; margin: 0 auto;"></div> <p>medium-term</p> </div> <div style="text-align: center;"> <div style="width: 20px; height: 10px; background-color: black; margin: 0 auto;"></div> <p>long-term</p> </div> </div>	<ul style="list-style-type: none"> ● Analysis of flooding risk across the whole property portfolio and for specific projects ● Consideration of potential environmental damage <p>Metrics:</p> <ul style="list-style-type: none"> - 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, snow 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: meeting the 1.5 degree Celsius target). This scenario is accompanied by economic and social transformation. All transition topics identified and described above relate to this transformation.

Potential events caused by climate change	Impact on Swiss Prime Site	Measures
<p>Social effects of climate change</p> <p>Negative impact on the health and mortality rates of individuals</p>	<ul style="list-style-type: none"> – Stricter requirements for comfort and indoor climate (e.g. GI certifications) – Lower attractiveness or rentability of «warm» spaces – Sick building syndrome <p>Time frame:</p> <p>short-term medium-term long-term</p>	<ul style="list-style-type: none"> ● 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 ● If necessary, identification and implementation of preventive measures, e.g. increasing the proportion of green 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 <p>Metrics:</p> <ul style="list-style-type: none"> – Number of tenant complaints – Total costs of special measures to prevent situations injurious to health
<p>Changes in customer focus</p>	<ul style="list-style-type: none"> – 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) <p>Time frame:</p> <p>short-term medium-term long-term</p>	<ul style="list-style-type: none"> ● 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 <p>Metrics:</p> <ul style="list-style-type: none"> – 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

Potential events caused by climate change	Impact on Swiss Prime Site	Measures
<p>Regulatory changes</p> <p>Regulations on the use of renewable energies and energy efficiency</p>	<ul style="list-style-type: none"> – 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) <p>Time frame:</p>	<ul style="list-style-type: none"> ● 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 the property strategy for existing real estate <p>Metrics:</p> <ul style="list-style-type: none"> – Energy management (current efficiency and energy mix)
<p>Requirements for the reuse/recycling of materials (circular economy)</p>	<ul style="list-style-type: none"> – Additional requirements for building planning, development and deconstruction (e.g. minimum quotas for reuse and recyclability of building materials) – Rising construction costs and longer planning phases due to increased planning and structural requirements <p>Time frame:</p>	<ul style="list-style-type: none"> ● 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 <p>Metrics:</p> <ul style="list-style-type: none"> – under development, incl. in the context of Circular Building Charta community
<p>Expectations about sustainability information</p> <p>Investors, regulators and the public are stepping up the debate about sustainability</p>	<ul style="list-style-type: none"> – Attractiveness to investors falls, with potential impact on share price and financing – 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 expense of gathering and maintaining relevant data – Additional expense of identifying and gathering relevant data across the whole value chain <p>Time frame:</p>	<ul style="list-style-type: none"> ● Integration of sustainability requirements into the property strategy ● 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 strategy ● Annual integrated reporting <p>Metrics:</p> <ul style="list-style-type: none"> – 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 aims to position us as a sustainability leader in the industry and secure competitive advantages through a proactive approach – for example by progress with circular economy and options for sustainability-conscious investors, as explained in the climate transition plan below. 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 the climate require adaptations, but also offer regulatory clarity that gives us an advantage being 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.

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. As we do 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 CO₂ 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 CO₂ 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. 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. CO₂ reduction pathways were developed with a 2050 climate neutrality target.

In addition, during the reporting year we began recording Scope 3 emissions in relation to Swiss Prime Site and our own property portfolio and developing the basis for quantitative targets in this area.

→ [SEE ALSO: ANALYSIS OF OUR SCOPE 3 EMISSIONS](#)

Awareness-raising, further training and incentives

Swiss Prime Site places great importance on the topic of climate change 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 CO₂ 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 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 will help the Company integrate non-financial aspects even more systematically into its corporate processes and improve their performance.

→ [SEE ALSO: SWISS PRIME SITE COMPENSATION REPORT 2024](#)

Innovation management

Within 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) and we are 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](#)

Circular economy

In 2023, we were actively involved in the development and launch of the Swiss Circular Building Charta, being its first signatory. The circular economy is relevant to several climate-relevant 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. A late 2024 workshop on the topic of sustainable building and the circular economy imparted knowledge and raised awareness of the topic, and it supported the integration of circular approaches through input from research and practice and by examining specific development projects.

→ [READ MORE: CIRCULAR ECONOMY](#)

Discussions with stakeholders

We are in continual dialogue with investors, customers and other stakeholders. Topics related to climate change are increasingly 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. The stakeholder dialogue in September 2023 was also dedicated to important questions of corporate responsibility in light of climate change.

→ [READ MORE: OUR STAKEHOLDER GROUPS](#)

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. 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.

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

Our emissions reduction goals are based on the reduction pathway set by CRREM, and we take relevant industry standards such as EPRA, REIDA or GRESB into account in the further development of 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».

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