

# Sustainability Report 2025

**PATRIMONIA**



# Table of Contents

Message from the President

Sustainability Strategy

## 1. INTRODUCTION

1.1 Context

1.2 Asset Classes and Management Styles

## 2. STRATEGY

### 2.1 Movable Assets

THEMATIC AREA 1 - ACTIVE OWNERSHIP

THEMATIC AREA 2 - IMPACT INVESTING

THEMATIC AREA 3 - ESG INTEGRATION

THEMATIC AREA 4 - EXCLUSIONS

### 2.2 Immovable assets

## 3. CLIMATE STRATEGY

3.1 Context

3.2 Goals

3.3 Specific Goals and Implementation

3.3.1 TRANSFERABLE SECURITIES

3.3.2 DIRECT REAL ESTATE

3.4 Risks and Opportunities

3.4.1 RISKS

3.4.2 OPPORTUNITIES

Situation Report

Dialogue with the Companies

## 1. SHARES

1.1 Exercise of Voting Rights

1.2 Exclusions

1.3 Integration and Impact

1.4 Climate Impact

## 2. BONDS

2.1 CHF Bonds

2.2 Corporate Bonds

2.3 Government Bonds

2.4 Emerging Market Bonds

2.5 Senior Loans

2.6 Climate Impact

## 3. INFRASTRUCTURES

## 4. REAL ESTATE

4.1 Direct Real Estate

4.2 Indirect Real Estate

Conclusion

Next steps

Annex

# Message from the President

Does sustainability still have a role to play in the current situation? Or is it now obsolete and was only relevant when we were sailing in less hostile waters? Increased political polarisation, economic nationalism, growing scepticism about the merits of certain approaches are taking a toll on the progress achieved in recent years.

Nevertheless, the strategy deployed by Patrimonia in four thematic areas remains completely relevant as it is based on robust structural levers. In particular, shareholder commitment and the exercise of voting rights retain their fundamental strategic nature: they are able to exert a direct influence corporate governance, environmental and social practices, without excluding *a priori* entire sectors or jeopardising financial performance. This accordingly reinforces our role of responsible investor.

We have made two major changes since the publication of the last sustainability report. Firstly, dedicated investment vehicles have been launched for Swiss and international index funds, in order to strengthen the thematic area of active ownership prioritised by our pension fund. Moreover, the strategic allocation has been revised as the result of an asset-liability management study (ALM study), with a direct impact on the portfolio sustainability indicators.

The Board of Trustees is pleased to note an improvement in these results. Nevertheless, we need to recognise that their interpretation remains complex due to changes in data providers, and methodological and heterogeneity adjustments to the benchmarks.

In this respect, we call for standardisation and simplification of these measurement tools, for greater transparency. That said, our portfolio continues to position itself on a more sustainable path, and strategic coherence between long-term financial performance and responsibility remains intact.

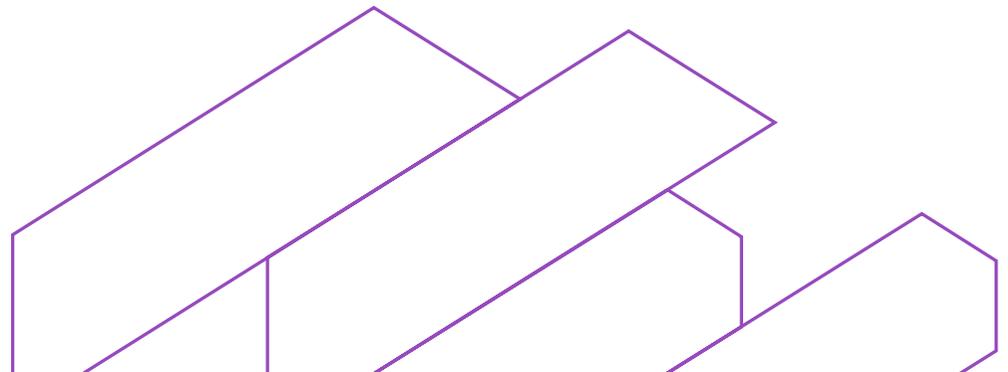
Sustainability is thus as much a question of determination as a challenge to implement. In a competitive environment specific to collective pension funds, we are proud to reaffirm that the values that set us apart are the cornerstone of our strategy. We are bound by these values, which include sustainability and transparency, to act responsibly and to accurately report our results.

This edition accordingly includes a restatement of our guiding principles and a situation report about their impacts on our investments. There is still along way to go, but we are heading in the right direction and our commitment remains intact.

This new edition of the sustainability report is the result of teamwork. I would like to thank all our employees, our management and our experts for their valuable contribution.

**Guy Bardet**

*Chairman of the Board of Trustees*





# Sustainability Strategy

# Sustainability strategy

## 1. INTRODUCTION

Sustainable investments are not specifically mentioned in the current Swiss legislation governing pension funds. The Patrimonia Foundation nevertheless takes the view that in order to perform its fiduciary duty in the long term, sustainability must be integrated into the investment processes and the selection of service providers. This principle is enshrined in the Foundation's investment regulations. Its sustainability charter<sup>[01]</sup> sets out the key areas of engagement and the sustainability vision. The purpose of this report is to describe in detail the strategy that is pursued and its implementation with respect to the transferable securities as well as the real estate. A separate section is dedicated to the climate strategy, which is covered by a regulatory framework and more precisely defined indicators, in particular with the ratification of the Paris Agreement by the Swiss Confederation<sup>[02]</sup>, the Federal Acts on Climate<sup>[03]</sup> and CO<sub>2</sub><sup>[04]</sup>.

The situation report, which is then presented, highlights the main achievements, the progress made in relation to the publication of the last sustainability report, and the next steps.

### References/links

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- <sup>[01]</sup> <https://www.patrimonia.ch/website/>
- <sup>[02]</sup> <https://www.fedlex.admin.ch/eli/oc/2017/619/fr>
- <sup>[03]</sup> <https://www.fedlex.admin.ch/eli/fga/2022/2403/fr>
- <sup>[04]</sup> <https://www.fedlex.admin.ch/eli/oc/2024/376/fr>

## 1.1 Context

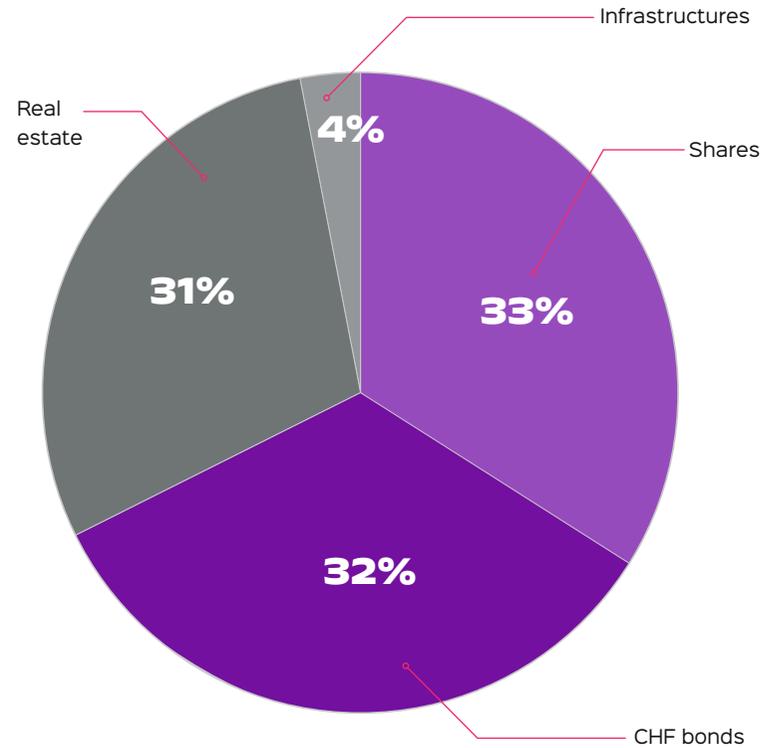
Portfolio management is delegated to external managers. Consideration of aspects of sustainability in the investment strategies is consistently integrated into the selection criteria, as is climate risk management.

Data availability and reliability, implementation opportunities and key performance indicators are continually evolving. It is now moreover possible to verify certain quantitative data scientifically, but there is a limit to the standardisation of goals and strategies: the priorities are not universal like the diversity of values of our companies. **The Foundation consequently endeavours to routinely analyse whether the selected goals, strategy and indicators are still relevant.**

## 1.2 Asset Classes and Management Styles

The investment strategy is determined on the basis of studies that are conducted every 3 to 5 years, and must ensure that the current and future pensions of persons insured with Patrimonia are adequately funded. The anticipated yields from investments are determined over a long time horizon. **The carbon intensity of the various asset classes and strategy is integrated into the study,** together with the financial characteristics. Sustainability is, however, primarily implemented in the selection and appointment of portfolio managers.

Asset allocation



The management of the Foundation's assets is delegated to carefully selected external partners. The Foundation adopts a so-called core-satellite approach for the management of its movable assets. This involves investing the majority of the assets in so-called "index" (core) portfolios and the rest in actively managed portfolios (satellites). Index management involves holding a broad spread of securities in the major stock indexes with the aim of tracking the performance of the asset class through broad portfolio diversification. The investment processes of "satellite" portfolios are designed to outperform the benchmark index in the long term.

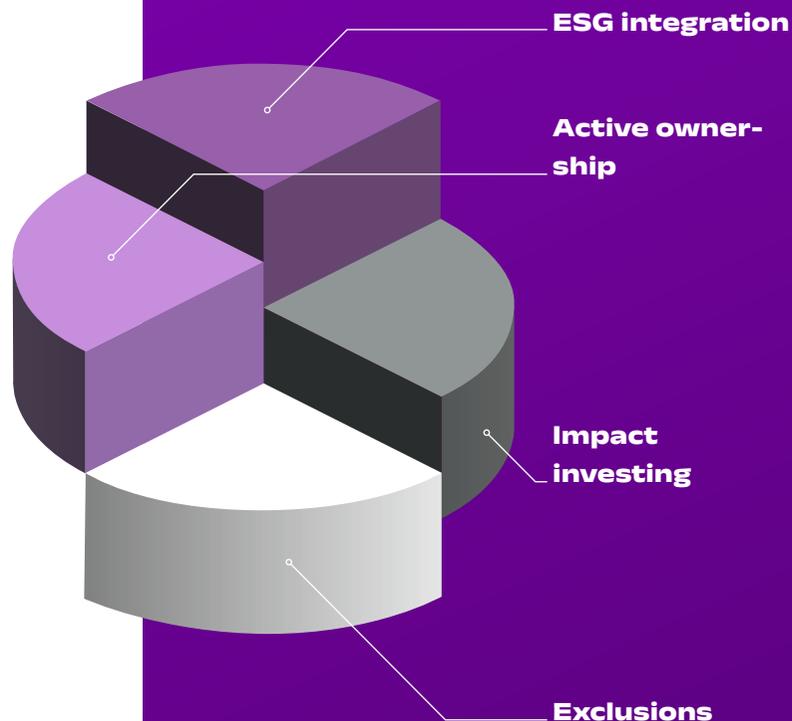
## 2. STRATEGY

The sustainability strategy of the Patrimonia Foundation is structured around **4 thematic areas**. Firstly, **the active ownership approach is the Foundation's preferred strategy**. It is based on dialogue with the companies in which it invests and on the responsible exercise of shareholder voting rights to promote change. The exclusion of companies from the investment universe results in a focus on companies that have already adopted good practices. The aim is to transform the company rather than the portfolios. In addition to the dialogue, **impact investing** and **ESG integration** complement the strategies, whereas the **exclusions** are applied in certain cases.

Details of the implementation and the results are presented in the section entitled "Situation Report".

**The Foundation is convinced that the companies are part of the solution and not a problem for a more sustainable economy**

Sustainability is structured around 4 thematic areas in Patrimonia's investments:



## 2.1 Movable Assets

### THEMATIC AREA 1 - ACTIVE OWNERSHIP

Active ownership is **the involvement and active participation of investors in the decisions made by the companies in which they invest, as shareholders**, in order to influence the strategy. Shareholders are in fact the co-owners of companies by virtue of holding shares in these companies, and their role involves more than just holding shares and collecting dividends. Shareholder commitment plays an important role in improving corporate transparency, responsibility and sustainability, and contributes to long-term value creation by aligning the interests of shareholders with the interests of companies and their stakeholders.

#### Dialogue with the companies (credible commitment)

##### Definition

The dialogue with corporate managers seeks to promote the implementation of good governance and sustainability practices in order to initiate a continuous improvement process.

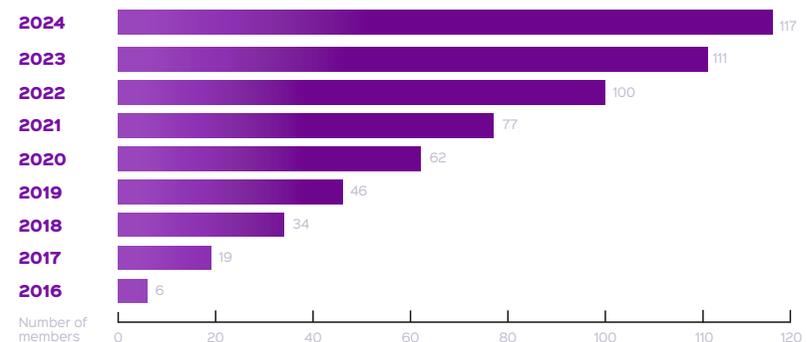
##### Aim

The aim is to improve in a sustainable manner the long-term value of the company for its shareholders and stakeholders and to reduce the risks.

### Implementation

In order to benefit from synergies and gain more leverage on companies, investors may come together to engage in a dialogue. Patrimonia has thus been a member of the **Ethos Engagement Pool Switzerland (EEP Suisse)** since 2011 and of **Ethos Engagement Pool International** since 2020. They comprise 178 pension funds with assets of CHF 343 billion and 110 funds with assets of CHF 278 billion respectively. The growing number of pension funds that belong to these pools demonstrates their willingness to act as responsible investors, and thereby increase their impact on the companies. Ethos conducts a dialogue either directly with listed companies, or indirectly by participating in international collective engagement initiatives comprising a significant number of international investors. The engagement initiatives for a given year are voted on at the annual general meeting.<sup>[05]</sup>

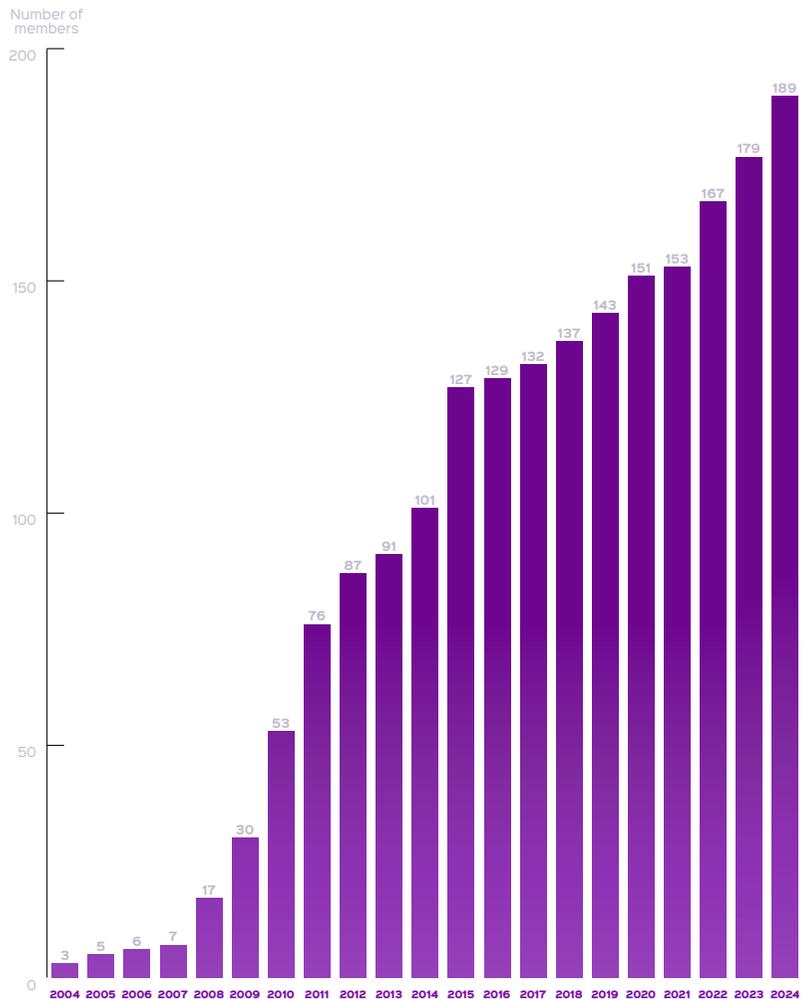
Growth of Ethos Engagement Pool International<sup>[06]</sup>



#### References/links

- <sup>[05]</sup> Further information is available at <https://www.ethosfund.ch/fr/prestations-et-services/dialogue-entreprises>
- <sup>[06]</sup> Source: [https://www.ethosfund.ch/sites/default/files/EEP\\_INT\\_Rapport\\_2024\\_FR\\_RESUME\\_FINAL\\_0.pdf](https://www.ethosfund.ch/sites/default/files/EEP_INT_Rapport_2024_FR_RESUME_FINAL_0.pdf)

Growth of Ethos Engagement Pool Switzerland<sup>[07]</sup>



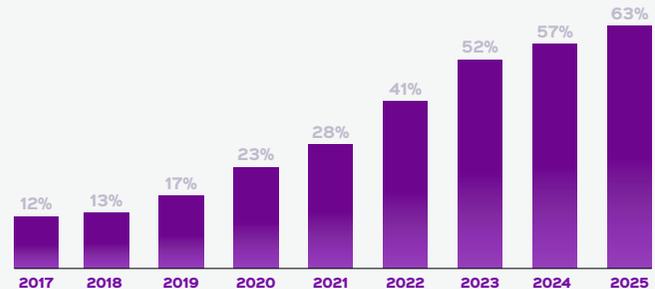
References/links

<sup>[07]</sup> Source: [https://www.ethosfund.ch/sites/default/files/EEP-CH\\_Rapport\\_2024\\_FR\\_RESUME\\_FINAL.pdf](https://www.ethosfund.ch/sites/default/files/EEP-CH_Rapport_2024_FR_RESUME_FINAL.pdf)

Patrimonia simultaneously ensures that its equity portfolio managers, and if possible, its bond portfolio managers, also come together to engage in a dialogue with the companies in which they invest, and provide updates on these activities in a transparent manner.

**[Case study]**  
**Encouragement of diversity on the boards of directors**

The dialogue initiated with the companies listed on the Swiss stock exchange with the aim of encouraging diversity on their boards of directors is bearing fruit. The number of companies with a board of directors whose composition complies with best practices, with namely over 30% of women, is rising steadily. The standards governing the number and accumulation of mandates and independence of the members must also be observed.



This percentage rose from 12% in 2017 to 63% in 2025.

Source: Ethos

References/links

<sup>[08]</sup> <https://sciencebasedtargets.org/>  
<sup>[09]</sup> <https://www.cdp.net/fr>

Groups of investors have more weight

Ethos Engagement Pool International

**123 members with assets of CHF 326 billion**

Ethos Engagement Pool Switzerland

**195 members with assets of CHF 412 billion**

## Exercise of voting rights

### Definition

Company shareholders have the opportunity to participate in decisions by voting at shareholder meetings. A voting system is used to elect and remunerate members of the board of directors, to approve strategic resolutions, and to take a stand on important issues of corporate governance.

Voting may also take place on formal proposals submitted by a shareholder or a group of shareholders to be debated and voted on at a general meeting or at an extraordinary meeting (shareholder resolutions).

### Aim

In the context of responsible investing, the social and environmental impact is taken into consideration in the votes, in addition to financial and governance aspects. Shareholder resolutions enable investors to make their voices heard and influence corporate policies and practices, and they may call for specific changes, such as the adoption of environmental policies, the appointment

of independent members to the Board of Trustees, disclosure of diversity data within the company, as well as the reduction of greenhouse gas emissions.

Patrimonia aims to exercise the total voting rights of the publicly traded companies in which it invests.

### [Case study]

## GIVAUDAN

Givaudan is leading the alignment of the goals for the various nature-related aspects defined by the TNFD framework, which includes the following goals:



A 25% reduction in water intake between 2020 and 2030, particularly in water stressed areas.



Production of 100% renewable electricity in 2025, a 70% reduction in emissions (scope 1 and 2) will come into effect in 2030 based on 2015, and a 20% reduction (scope 3) in the supply chain.



Responsible procurement of 100% of goods and services in 2030, commitment to contribute to the preservation and generation of biodiversity in 2030.



Zero operational waste sent to landfill for all the production sites by 2030. The amount of operational waste earmarked for elimination will be reduced by 15% by 2030 (reference year: 2020). Total circularity of plastic materials in 2030.

Source: Ethos

## Implementation

Patrimonia does not invest in shares directly, but in investment funds that it selects carefully. Patrimonia ensures that all the managers of these funds exercise their voting rights after conducting in-depth analyses of the companies and topics, and following the clear and specific voting guidelines on each type of topic (e.g. diversity on the board of directors, environment, etc.). The votes that are actually cast must ideally be public or at least be the subject of a report that is made available to the Foundation. Whenever possible, the Foundation establishes investment structures that enable voting rights to be exercised directly.

## THEMATIC AREA 2 - IMPACT INVESTING

### Definition

Impact investing seeks to generate a positive and measurable environmental or social impact, in addition to financial returns.

### Aim

The aim is to channel the financial flows into companies, projects and funds that seek to address social and environmental challenges while generating financial returns.

### Implementation

Several of the Foundation's portfolios are managed by following an investment and measurement process that complies with these principles (green bonds, impact equity portfolios, infrastructures). This is described in more detail in the section entitled **Situation Report and Results**. In addition, the real estate portfolio held by the Foundation is specifically addressed below.

## THEMATIC AREA 3 - ESG INTEGRATION

### Definition

Integration is the process of taking environmental, social and governance criteria (ESG, extra-financial ratings) into consideration when selecting companies for the portfolios, in addition to financial criteria.

### Aim

The aim is to integrate sustainability into the investments, while retaining similar risk and return characteristics or improving them.

### Implementation

Several portfolios are managed by various integrating ESG criteria into the investment processes, which are described in detail in the section entitled **Situation Report and Results**.

When it is available the SFDR indicator is used for impact investing and ESG integration. The SFDR (Sustainable Finance Disclosure Regulation) is a regulation introduced by the European Union with the aim of increasing the transparency of financial products in terms of sustainability and encouraging sustainable investments by providing key information to investors. However, this standard is not applied in Switzerland and the ratings are not readily available.

Whenever possible, the Foundation establishes investment structures that enable direct voting rights.

## The funds are classified into 3 categories

according to the SFDR classification:

Article 6

### Financial products without a sustainable investment objective

Financial products that do not specifically promote environmental or social characteristics. The managers of these products must declare that they do not take sustainable investment objectives into consideration in their investment decisions.

Article 8

### Financial products with a sustainable investment objective

Financial products that have a defined sustainable investment objective, but fail to adhere to certain strict sustainability criteria. The managers of these products must provide information about the way in which they integrate sustainability criteria into their investment decisions.

Article 9

### Financial products that promote sustainability characteristics

Financial products that promote environmental or social characteristics as their main objective. These products must adhere to high sustainability standards and managers must provide detailed information about the way in which they integrate these characteristics into their investment decisions.

## THEMATIC AREA 4 - EXCLUSIONS

### Definition

Some companies or sectors may be removed from the investable universe of portfolios. However, Patrimonia generally prefers to engage in a dialogue with the companies as a force for positive change, as demonstrated in the aforementioned case studies.

### Aim

The aim is to create a portfolio without any companies whose activities or practices are deemed to be incompatible with sustainable investment. This may also have a positive impact by giving companies an incentive to improve their extra-financial performance (ESG) in order to become attractive to responsible investors.

### Implementation

Implementation is determined at the portfolio level. Patrimonia nevertheless ensures that the portfolios adhere to the recommendations for exclusion provided by SVVK-ASIR<sup>[10]</sup>.

The recommendations for exclusion provided by SVVK-ASIR apply to companies that are in breach of the defined legal basis by reason of their behaviour or their products, when attempts at dialogue have failed. With regard to the manufacturers of controversial weapons, they are companies whose products fail to adhere to Swiss legislation and international conventions, more specifically the Ottawa and Oslo Conventions, as well as the Treaty on the Non-Proliferation of Nuclear Weapons. These conventions ratified by Switzerland prohibit the development, production, stockpiling and use of cluster munitions, anti-personnel mines and nuclear weapons.

References/links

<sup>[10]</sup> <https://svvk-asir.ch/fr/notre-approche>

## 2.2 Immovable Assets

Direct real estate enables Patrimonia to implement its sustainable strategy by integrating the ESG criteria and impact investing. Patrimonia has in fact full discretion to make decisions on managing and renovating its properties.

### Aim

The Foundation has accepted 18 criteria selected by the Green Building Observatory (Observatoire de l'Immobilier Durable - OID), according to which action plans are implemented and assessed whenever possible.



#### Environment

- E1 - Energy
- E2 - Carbon
- E3 - Resources and waste
- E4 - Water
- E5 - Biodiversity
- E6 - Mobility and travel
- E7 - Resilience to climate change



#### Social

- S1 - Workplace health and safety
- S2 - Comfort and well-being
- S3 - Territorial impact and employment
- S4 - Accessibility
- S5 - Services provided to the occupants
- S6 - Positive social impact



#### Governance

- G1 - Business ethics
- G2 - Integration of the ESG criteria into investment, management, and risk management policy
- G3 - Stakeholder relations
- G4 - Governance
- G5 - Responsible procurement

The aim is to maximise the social and environmental impact for the stakeholders, while generating a market return. Energy, water and electricity consumption as well as emissions are consistently measured and action taken to reduce and optimise them.

Reduction of the environmental footprint and consumption and emissions, which is the primary sustainability goal for the real estate, is addressed in more detail in the climate strategy.

## 3. CLIMATE STRATEGY

### Introduction

Climate change is one of the most pressing issues of our time, and requires a sustained response in order to mitigate its harmful effects. The adoption of a strategy and specific climate targets is essential nowadays, in addition to a more general sustainability strategy.

The Patrimonia Foundation is committed to achieving carbon neutrality in 2050 for its investments in transferable securities, and to reducing to zero the emissions generated by the production of heat from its real estate. Patrimonia is also endeavouring to measure and reduce the emissions produced throughout the life cycle of the real estate. However, the constantly changing environment, policy instruments as well as the indicators and the available data make it difficult to create such a strategy. A periodic review of the shares and indicators is consequently essential for achieving the targets. This adaptive approach reflects the commitment by Patrimonia to a sustainable future, while enabling it to remain firmly focused on achieving the long-term goal of delivering the requisite financial performance, together with a positive environmental and social impact.

### 3.1 Context

Switzerland ratified the Paris Agreement on 6 October 2017. In so doing, the country is committed to making a 50% reduction in its emissions by 2030 compared to 1990, taking into account a percentage of the emission reductions made abroad. In addition, it has decided to reduce its greenhouse gas emissions to net zero by 2050. It predominantly bases its international commitments on the CO<sub>2</sub> Act.

### The Patrimonia Foundation is committed to achieving carbon neutrality in 2050

The reduction commitments made in accordance with the Paris Agreement are embodied in the national climate legislation. The federal and cantonal legislation also establish specific goals for emissions caused by the real estate.

### 3.2 Goals

**The Patrimonia Foundation is committed to achieving carbon neutrality in 2050 for its investments in transferable securities, and to reducing to zero the emissions generated by the production of heat from its real estate.**

### 3.3 Specific Targets and Implementation

#### 3.3.1 TRANSFERABLE SECURITIES

At present there are no standard universally accepted and scientifically recognised indicators to measure the reduction of the environmental impact of investments, in particular their compliance with carbon neutrality in 2050 and global warming by 2°C maximum and if possible 1.5°C at the end of the century, advocated by the Paris Agreement. Although simplistic and dependent on calculation methodologies, carbon intensity, namely the number of tonnes of carbon dioxide (CO<sub>2</sub>) emitted by a company per million of revenue, appears to be the most relevant indicator that is available nowadays. It measures and compares the carbon efficiency of companies, and can take scopes 1, 2 et 3 into consideration, although the latter is much more difficult to measure nowadays due to the inclusion of external factors. This weighted intensity metric measures exposure to carbon intensive companies in the portfolios.

## Scopes 1, 2 and 3

Scope 1

### Direct emissions

Scope 1 emissions are direct emissions from sources that an organisation controls or owns. They include the emissions generated by the combustion of fossil fuels in the company's facilities, such as boilers and generators.

Scope 2

### Indirect energy-related emissions

Scope 2 emissions are indirect emissions that are generated by the production of electricity, heat or cooling which the organisation purchases and uses. They basically include the CO<sub>2</sub> emissions generated by the power stations that supply energy to the company.

Scope 3

### Indirect emissions other than energy

Scope 3 includes all other indirect emissions that derive from the activities of the organisation but are not directly under its control or ownership. They may include emissions from the supply chain, business travel, products sold, etc.

References/links

<sup>[11]</sup> <https://www.climateaction100.org>

<sup>[12]</sup> <https://sciencebasedtargets.org/>

Two methods are being used to achieve the carbon neutrality target in 2050:

- **Active ownership, particularly dialogue with companies**, as defined in the sustainability strategy. This strategy gives companies an incentive to adopt the reduction targets, for example with the Climate Actions 100+<sup>[11]</sup> to which the Patrimonia Foundation is a signatory. The Foundation also supports all initiatives that encourage companies to publish their emissions in a transparent manner, and their reduction plan in a measurable and science-based manner.<sup>[12]</sup>
- **Investments that have a positive impact on the climate:** green bonds, infrastructures (in particular renewable energies), portfolios focused on companies that are deemed to be compliant in this regard.

Carbon intensity is measured whenever possible, with the neutrality target in 2050 applying to all the portfolios. This indicator could, however, be refined in accordance with the increasing availability and quality of the data. In fact, the carbon intensity of the global equity indices that are currently used appears to have decreased by more than 25% between 2015 and 2021 for example, but this reduction presumably reflects the change in the weight of the companies that comprise these indices rather than the actual reduction in their emissions.

In 2030 at the latest, a comprehensive review will be conducted to determine whether the approach adopted by Patrimonia is effective across all asset classes and remains on course to achieve the targets. Carbon intensity will be considered as well as other relevant indicators that are recognised by the scientific community and academia. Although the achievement of carbon neutrality in 2050 is the intended target, Patrimonia currently waives giving an opinion on the reduction pathway beyond 2030, particularly as it partly based on technologies that are still immature or on compensation mechanisms whose methods remain questionable.

### 3.3.2 DIRECT REAL ESTATE

The federal and cantonal legislative framework sets specific targets for the reduction trajectory of the construction sector. The Patrimonia Foundation has decided to align its entire real estate with the Geneva legislation. The majority of its real estate is situated in this canton. The Foundation consequently measures its greenhouse gas emissions on the basis of the Heat Expenditure Index (HEI)<sup>[13]</sup>.

#### Targets



#### Targets for the entire real estate

- Adherence to the targets of the Swiss Confederation and the Cantons
- Average HEI below 450 by 2030 at the latest
- No building with an HEI above 650 by 2030 at the latest
- No more electric heaters by 2025 at the latest
- No more oil-fired heating by 2030 at the latest

#### References/links

<sup>[13]</sup> heat consumption measured × climate correction factor for the heating component/ Energy reference area: measures consumption by correcting the temperature variations from year to year for a more meaningful comparison.



#### Targets for buildings

Building management strategy in accordance with the HEI:

- buildings with an HEI above 650: implementation of investment plans to reduce the emissions (CAPEX)
- buildings with an HEI between 550 and 650: renovations (occasional work)
- buildings with an HEI below 550: adjustments (boiler room optimisation, performance contract, eco21 programme, etc.)
- Renovation: HEI target below 400



#### Reporting

The targets and the progress made are reported in a transparent manner. Investment plans are consequently being made to improve the energy efficiency of the buildings, to reduce the energy consumption required to produce heat and domestic hot water and to prioritise renewable energy sources.

In 2030 at the latest, the HEI for the real estate will be observed and additional reduction or compensation measures will be taken to continue reducing emissions, depending on the options that are available at the time.

### 3.4 Risks and Opportunities

Compliance with the fiduciary duty requires pension funds to achieve market returns on their investments and spread risks appropriately.

Dialogue activities with the companies include encouraging the latter to consider the climate opportunities and risks, in accordance with the principle of double materiality:

- **Financial materiality:** includes information on risks and opportunities associated with the sustainability challenges that may have a direct financial impact on the companies: operational risks, supply chain disruptions, regulatory compliance costs, disputes, and transition costs incurred as a result of the changes that are required to reduce the impact on the climate. These aspects may affect the short-term and long-term financial performance of companies.
- **Extra-financial materiality:** includes the social and environmental impacts of the activities of a company which, although they are not directly reflected in the financial statements, may have significant consequences in the long term: environmental impacts associated with greenhouse gas emissions, with climate change and with the sustainability of natural resources, which may influence public perception of the company, its brand image, its relationships with stakeholders and, ultimately, its long-term viability.

#### [Case study]

### TCFD

The purpose of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD)<sup>[14]</sup>, which are advocated within the framework of the dialogue with companies, is to help companies more effectively manage and disclose climate-related risks and opportunities in accordance with double materiality.

#### 3.4.1 RISKS

Risks associated with non-compliance with sustainability principles have always existed, but are doubtlessly more easily identified nowadays and their impact is more significant. Climate change creates risks, in particular for the companies in which the managers of the Patrimonia Foundation invest. These risks may be physical, such as the effects of climate change on the buildings owned by the companies and their production activity, or financial, for example regulatory risk (increased taxation or “carbon” taxes, etc.) or asset depreciation risk. **The manner in which risks are managed depends on the asset classes and on management practices.**

#### References/links

<sup>[14]</sup> <https://www.fsb-tcdf.org/recommendations/>

The asset classes and the investment strategy are determined on the basis of asset-liability studies that are conducted every 3 to 5 years.

All the risks, including climate risks, are fully integrated into Patrimonia's investment strategy. Portfolio construction varies according to the asset classes and the management style:

the Foundation adopts a so-called core-satellite approach for its movable assets:

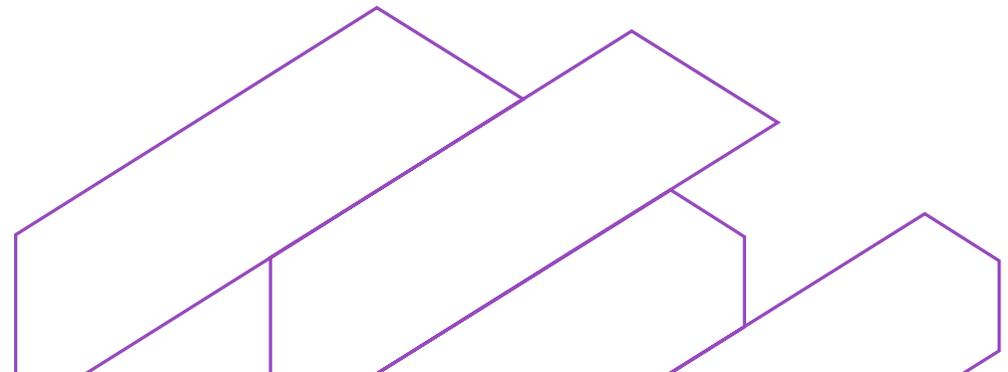
- **Index management is designed to spread all risks, including climate risks**, with the aim of tracking the overall performance of the benchmark indices, at low cost. The portfolios comprise a large number of companies that make up the index by delivering very similar performance.
- The Patrimonia Foundation selects its asset managers by specifically analysing their investment processes. Their aim is to outperform the benchmark index in the long term, by taking into consideration all the factors and risks that influence the long-term financial performance of the portfolio companies. Patrimonia now incorporates the issue of integrating double materiality into the investment decisions of its asset managers.

With regard to its real estate assets, Patrimonia maintains and renovates its properties in a way that retains or increases their long-term value. Market prices now include the condition of the systems and the method of heat generation for the heating systems and supply of domestic hot water as well as the thermal performance of the buildings. Investment plans have accordingly been implemented to improve the energy efficiency of the buildings, reduce consumption and maximise the use of renewable energies.

### 3.4.2 OPPORTUNITIES

As part of its strategic allocation, Patrimonia directs its financial flows into asset classes and management styles that have attractive risk-return profiles and benefit from the energy transition:

- **Infrastructures:** a significant portion of infrastructure investments must be made in renewable energies or must be related to the energy transition.
- **Green bonds:** the funds raised by companies through green bonds, which carry the same risk as equivalent traditional bonds, are used exclusively to finance products that contribute to the ecological transition (renewable energies, energy efficiency, sustainable waste and water management, sustainable land use, clean transport and climate change adaptation, etc).
- **Index management:** diversified indices that integrate sustainability criteria into their construction may be used by Patrimonia to raise the sustainability profile of portfolios, while maintaining or improving their return-risk profile. This applies to the CHF bonds asset class.
- **Asset managers who take these sustainability criteria into consideration** are required to identify companies that are regarded as sustainable and will outperform the market.





# Situation Report

# Situation Report

In this second situation report, after the first which was produced with reference to the sustainability report 2023, the implementation of the strategy pursued by Patrimonia is again described in detail, in an endeavour to retain the same indicators as far as possible. However, it is difficult to analyse the evolution of these indicators due to the changes in data providers and methodology. In addition to the presentation of the indicators by comparison with the indicators of their benchmark indices, the evolution is also reported for the first time with the aim of showing their trajectory.

The first section of the report presents the sustainability strategy adopted by the Patrimonia Foundation and the approaches adopted to implement it. The purpose of this second section is to provide a detailed description of this implementation. Climate indicators are also presented for the first time with the aim of complying with best practices in the area of transparency. As Patrimonia pursues the goal of decarbonising the company and not its portfolios, it takes the view that it is more appropriate to observe these indicators over time and to pursue the goal of improving them, rather than ensuring that they are statistically better than those of their benchmark indices for comparison.

## Dialogue with the companies<sup>[15]</sup>

Patrimonia is a member of Ethos Engagement Pool Switzerland (EEP Switzerland) and Ethos Engagement Pool International (EEP International).

The number of Swiss members of the pool rose from 178 to 195 members for assets that increased from CHF 343 to 412 billion, and from 110 to 123 members for assets that increased from 278 to 326 billion with respect to the international companies. These allocations give Ethos a very prominent voice, which is being increasingly heard by senior management, which is aware that the growing number of investors in the pools voting at the general meetings cannot be ignored.

**The aim of the dialogue with business managers is to encourage the implementation of good governance and sustainability practices in order to initiate a continuous improvement process.**

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### References/links

<sup>[15]</sup> cf. section on Strategy

The key results are presented in a transparent manner<sup>[16]</sup>, and will not be described in detail here, but we urge you to consult them in order to appreciate the specific impact of the dialogue activities on corporate behaviour in terms of environmental, social and governance issues.



References/links

<sup>[16]</sup> <https://www.ethosfund.ch/fr/news-et-publications/publications-rapports>  
<sup>[17]</sup> [https://www.ethosfund.ch/sites/default/files/EEP\\_INT\\_Rapport\\_2024\\_FR\\_RESUME\\_FINAL\\_0.pdf](https://www.ethosfund.ch/sites/default/files/EEP_INT_Rapport_2024_FR_RESUME_FINAL_0.pdf)

[Case study]

**EEP International<sup>[18]</sup>**

Although it is undeniable that divestment may contribute to the reduction of climate risks in the portfolios of institutional investors, it is difficult to determine the extent to which it contributes to the decarbonisation of the real economy. This section shows how EEP International has achieved specific improvements in this sector through active ownership.

Within the framework of EEP International, 10 initiatives specifically related to climate change were under way in 2025, targeting 1,367 companies. The engagement activities of EEP International consequently covered:

**82%**

of absolute greenhouse gas emissions from the MSCI World Index.

**70%**

of absolute greenhouse gas emissions from the MSCI ACWI Index.

**65%**

of absolute greenhouse gas emissions from the MSCI EM Index.

References/links

<sup>[18]</sup> Case study, taken from the summary report on the 2024 activities of Ethos Engagement Pool International.

[Case study]

## EEP International<sup>[19]</sup>

As part of the Carbon Disclosure Project (CDP) launched in 2017, Ethos and a large pool of international institutional investors representing 21,000 billion US dollars in 2024 ask companies to respond to a questionnaire on climate change, forests and water.

The CDP is a non-profit organisation that enables companies to provide standard reports on their greenhouse gas emissions and other environmental indicators.

Of the 1,329 companies targeted, 352 completed the CDP questionnaires in 2024 (including 164 on climate change and 196 on water), as a result of the engagement activities.



Complete list of the major initiatives in which Patrimonia's asset managers have participated:

**Initiatives, networks and associations of the managers of Patrimonia's assets\* - % assets apart from real estate**

PRI	<a href="#">Principles for Responsible Investment</a>	99.2%
TCFD	<a href="#">Task Force on Climate-related Financial Disclosures</a>	94.8%
Climate Action 100+	<a href="#">Global Investors Driving Business Transition</a>	86.1%
UN Global Compact	<a href="#">UN Global Compact</a>	89.2%
Net Zero AM Initiative	<a href="#">Net Zero Asset Manager Initiative</a>	87.2%
FAIRR	<a href="#">FAIRR Initiative</a>	61.5%
SSF	<a href="#">Swiss Sustainable Finance</a>	88.2%
GRESB	<a href="#">Global Real Estate Sustainability Benchmark</a>	64.1%
CDP	<a href="#">Carbon disclosure project</a>	87.0%
GIIN	<a href="#">Global Impact Investing Network</a>	83.7%
SFG	<a href="#">Sustainable Finance Geneva</a>	84.9%
ICGN	<a href="#">International Corporate Governance Network</a>	83.8%
Climate Bonds Initiative	<a href="#">Climate Bonds Initiative</a>	79.5%
UNEP FI	<a href="#">United Nations Environment Programme Finance Initiative</a>	84.2%
IFC	<a href="#">Operating Principles for Impact Management of IFC</a>	51.6%
RSPO	<a href="#">Roundtable on Sustainable Palm Oil</a>	52.7%
The Wolfsberg Group	<a href="#">The Wolfsberg Group</a>	52.6%
SASB	<a href="#">Sustainability Accounting Standards Board</a>	58.6%

In addition to the dialogue conducted by the managers of the Ethos Foundation, Patrimonia encourages its partners to sign the Principles for Responsible Investment (PRI)<sup>[20]</sup>. The PRI are an initiative established in partnership with the United Nations. By signing the six principles, its members demonstrate their commitment to investing responsibly, actively protecting the interests of the PRI, and preparing reports.

**99%**  
of the total assets are managed by the partners who have signed the Principles for Responsible Investment.

**100%**  
of the partners in charge of managing the movable assets.

References/links

<sup>[19]</sup> Case study, taken from the summary report on the 2022 activities of Ethos Engagement Pool International.

References/links

<sup>[20]</sup> <https://www.unpri.org/download?ac=5632>

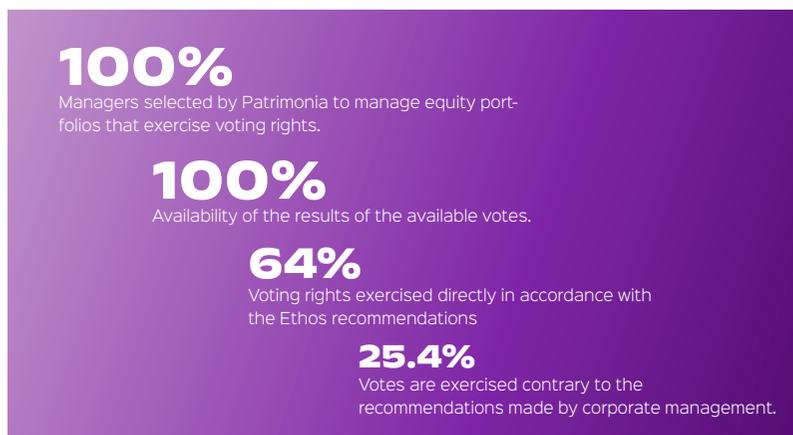
# 1. SHARES

## 1.1 Exercise of Voting Rights

The shares, which comprise 28% of Patrimonia’s strategic allocation, are 90% managed in accordance with the index approach<sup>[21]</sup>. The weight of shares in the strategic allocation increased from 28% to 33% upon completion of the last ALM study. They are 85% managed in accordance with the index approach.

All equity fund managers exercise their voting rights, after in-depth analyses of the companies and topics, by following the clear and specific voting guidelines on each type of topic (e.g. diversity on the board of trustees, environment, etc.). The votes that are actually cast must ideally be public or be the subject of a report that is made available to the Foundation.

Patrimonia has moreover developed its capabilities to exercise voting rights directly by adopting the two-bucket strategy for indexing its Swiss and international large-cap stocks, namely over 64% of its shares and 21% of the total assets. Voting rights are exercised in accordance with the Ethos guidelines.



References/links

<sup>[21]</sup> cf. section on “asset classes and management styles”

**Patrimonia has developed its capabilities to exercise voting rights directly by adopting the two-bucket strategy for almost two thirds of its shares. Direct exercise is reflected in the higher percentage of votes on the recommendations by the management which has almost doubled.**

% of voting rights exercised	Votes in relation to management		
	% for	% against	% blank votes
98.0%	74.5%	25.4%	0.1%

## 1.2 Exclusions

The recommendations for exclusion provided by the Swiss Association for Responsible Investments (SVVK-ASIR<sup>[22]</sup>), which includes large pension funds and social insurance funds in Switzerland, are applied to all portfolios. The recommendations apply to companies that are in breach of the legal basis by reason of their behaviour or their products, when attempts at dialogue have failed, and to manufacturers of controversial weapons. The concept of open dialogue, which makes perfect sense in Patrimonia’s strategy, and which advocates change, now looms larger in the recommendations for exclusion provided by ASIR.

**The recommendations for exclusion of companies provided by the Swiss Association for Responsible Investments (SVVK-ASIR) are applied to all portfolios.**

References/links

<sup>[22]</sup> <https://svvk-asir.ch>

## 1.3 Integration and Impact

### Statement 2025

PORTFOLIOS	% of the total	Management style	Alignment with the Paris Climate Agreement	SFDR classification (6,8,9)	Climate impact (scopes 1+2)						Transparency		
					Carbon intensity PF	Carbon intensity BM	Comparative carbon intensity	Carbon footprint PF	Carbon footprint BM	Comparative carbon footprint	Data provider	Carbon intensity PF	Carbon intensity BM
Swiss Large-Cap Stocks	19.5%	Passive	✓	6	84.7	84.7	0.0%	40.6	40.6	0.0%	Sustainalytics	n/a	n/a
Swiss Small & Mid-Cap Stocks 1	3.7%	Active	✓		32.6	36.2	-9.9%	13.8	14.9	7.4%	S&P Trucost	92.8%	94.1%
Swiss Small & Mid-Cap Stocks 2	2.5%	Active	✓		17.8	22.4	-20.3%	7.4	11.3	34.1%	MSCI ESG	99.8%	99.9%
Swiss Small & Mid-Cap Stocks 3	4.0%	Active	✗		24.9	30.5	-18.3%	13.6	29.7	54.2%	S&P Trucost	90.0%	90.0%
World Large & Mid-Cap Stocks 1	48.3%	Passive	✓	6	101.7	102.3	-0.6%	35.8	35.6	-0.4%	Sustainalytics	n/a	n/a
World Large & Mid-Cap Stocks 2	5.0%	Active	✓	9	42.3	112.6	-62.4%	14.2	39.7	64.2%	MSCI	100.0%	100.0%
World Small-Cap Stocks	7.1%	Passive	✓		160.2	162.7	-1.6%	84.9	86.4	1.7%	MSCI ESG	99.4%	99.4%
Emerging Market Equities	9.9%	Passive	✓		361.1	356.9	1.2%	143.5	143.1	-0.3%	MSCI ESG	99.8%	99.8%
<b>TOTAL</b>	<b>100.0%</b>				<b>118</b>	<b>122</b>	<b>-3.3%</b>	<b>47</b>	<b>49</b>	<b>-4.1%</b>		<b>97.7%</b>	<b>97.9%</b>

24

### Comparison 2025/2023

ASSET CLASS	% of the total	Management style	Climate impact (scopes 1+2)						Transparency		
			Carbon intensity PF 2025/2023	Carbon intensity BM 2025/2023	Comparative carbon intensity 2025 - 2023	Carbon footprint PF 2025/2023	Carbon footprint BM 2025/2023	Comparative carbon footprint 2025 - 2023	Carbon intensity PF 2025/2023	Carbon Intensity BM 2025/2023	Carbon intensity PF 2025/2023
Swiss Large-Cap Stocks	19.5%	Passive	-32%	-33%	0%	-35%	-35%	0%	n/a	n/a	n/a
Swiss Small & Mid-Cap Stocks 1	3.7%	Active	12%	-12%	19%	-26%	-18%	4%	n/a	n/a	n/a
Swiss Small & Mid-Cap Stocks 2	2.5%	Active	-47%	-38%	-14%	-41%	-27%	52%	2.8%	5.6%	-2.6%
Swiss Small & Mid-Cap Stocks 3	4.0%	Active	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
World Large & Mid-Cap Stocks 1	48.3%	Passive	-29%	-28%	-1%	-29%	-29%	-1%	n/a	n/a	n/a
World Large & Mid-Cap Stocks 2	5.0%	Active	182%	91%	12%	-70%	-75%	135%	0.6%	0.2%	0.4%
World Small-Cap Stocks	7.1%	Passive	-5%	-4%	-1%	-1%	-1%	4%	-0.1%	-0.1%	0.0%
Emerging Market Equities	9.9%	Passive	22%	21%	2%	-7%	-8%	1%	0.0%	-0.1%	0.1%
<b>TOTAL</b>	<b>100.0%</b>		<b>-20%</b>	<b>-18%</b>	<b>-2%</b>	<b>-30%</b>	<b>-32%</b>	<b>3%</b>			

Carbon intensity: tCO<sub>2</sub>e per million CHF of revenue

Carbon footprint: tCO<sub>2</sub>e per million CHF of capital invested

The first table on page 24 presents the list of equity portfolios as at 30.06.2025, with the same indicators as those presented in the situation report and the Sustainability Report 2023. The second table highlights the progress made between the two reports.

The strategic weight of the shares has increased by 28% to 33% of the assets, including 11% Swiss shares, thereby effectively increasing the influence of active ownership. With regard to Swiss shares, the weight of small and mid caps, which are low greenhouse gas emitters, has risen from 20% to 40%, an increase from 2% to 4.4% of the total assets. A new manager has been selected for this purpose. As manager 2, he implements best practices by incorporating sustainability into the investment processes, both with regard to the weight of best-in-class securities as well as with regard to shareholder commitment and exclusions. A new manager has in turn been selected for the passive management of Swiss and international large-cap stocks in a vehicle that enables the exercise of direct voting rights, in accordance with the Ethos recommendations. The “satellite” asset manager classified under SFDR Article 9 is still used for the World Large and Mid-Cap stocks, and pursues his impact investment strategy on the basis of the following 3 themes: environment, life essentials, human empowerment.

These changes have led to reductions of 20% in carbon intensity of the portfolio and 30% in the carbon footprint since the preparation of the last report, whereby the indicators of the corresponding indices have fallen by 18% and 32% respectively over the period. However, the changes in managers, methodology and data providers make it difficult to interpret these results.

Two active “satellite” portfolios in the asset class adopt an investment process with ESG integration and impact. Both have alignment with the Paris Agreement as an express goal. The first satellite portfolio has a 70% weight of Swiss small and mid-cap stocks and integrates sustainability criteria into the selection of securities, in accordance with the best-in-class principle. The tobacco, alcohol, pornography, nuclear energy, arms, gambling and thermal coal sectors are excluded from the investment universe and its carbon intensity is reduced by 29% in relation to the benchmark index. The second satellite portfolio, whose target weight is 15% of international shares, pursues an impact investment strategy\* centred on the following 3 themes: environment, life essentials, and human empowerment. Certain sectors are excluded from the investment universe.

The carbon intensity of this portfolio, classified as an SFDR Article 9 portfolio, is below 75% of the carbon intensity of its benchmark index.

**Impact investing seeks to align financial goals with social and environmental considerations. In addition to financial performance, the impact is evaluated and measured by means of specific indicators linked to social and environmental targets.**

**Best-in-class investment involves selecting companies or securities that excel in terms of environmental, social and governance (ESG) criteria.**

**The changes made since the preparation of the last report have led to a 20% reduction in the carbon intensity of the portfolios invested in shares and 30% in their carbon footprint.**

## 1.4 Climate Impact

**96% of the portfolios invested in shares are aligned with the Paris Agreement, compared with 45% two years previously.** Carbon intensity in portfolios has been reduced by 20% since the last report in 2023. Carbon intensity has been reduced by 3.3% compared to the reduction in its benchmark index, whereas it was 1.5% in 2023.

### Key figures

# 96%

of equity portfolios are aligned with a 1.5° to 2°C global warming scenario.

## 2. BONDS

### 2.1 CHF bonds

This asset class, the largest in Patrimonia's strategic allocation with a weight of 15%, is over 80% managed in accordance with the index approach. Since 2019, **all new flows in this category have been concentrated in sustainable index funds.**

Several sectors are excluded from the investment universe (pornography, alcohol, arms, gambling, genetic engineering, nuclear engineering, thermal coal and tobacco), as well as companies that have a poor impact rating according to the Inrate agency<sup>[23]</sup>. These ratings measure the positive and negative effects of bond issuers on the environment and on society.

All index fund portfolios will eventually be switched to these indices, whose carbon intensity is moreover lower than that of their benchmark index. In addition, an active portfolio with a weight that has increased from 7% to 19% of the asset class completes the exposure to Swiss franc bonds. The weight of green bonds in this portfolio exceeds 12%, compared with less than 6% for the benchmark index.

A+ A A-	Sustainable index or ensuring the transition to a sustainable index
B+ B B-	On the way to a sustainability index
C+ C C-	Non-sustainability index, but with a less negative impact
D+ D D-	Non-sustainability index

Source: Inrate, 2019

References/links

<sup>[23]</sup> <https://inrate.com/esg-impact-ratings/#>

## Definition

**A green bond is a debt security issued on the market to investors by a company or public body to enable it to finance its projects that play a part in the ecological transition (renewable energies, energy efficiency, sustainable water and waste management, sustainable land use, clean transport and adaptation to climate change, etc.)**

## 2.2 Corporate Bonds

The portion of the portfolio that comprises the asset class corporate green bonds has doubled from 8% to 16%. This fund is classified as an SFDR “Article 9” fund, and is aligned with an increase in temperatures below 2°C by 2100 in accordance with the obligations of the Paris Agreement. The weight of this portfolio will be gradually increased until it comprises 20% corporate bonds.

## 2.3 Government Bonds

There is no scientific evidence that investments in green bonds are likely to lead to more sustainable behaviour by governments. Likewise, there is no evidence that excluding certain countries from the investment universe leads to improved behaviour on their part. Faced with these uncertainties, Patrimonia is not taking specific measures in respect of this asset class.

## 2.4 Emerging Market Bonds

The asset class of emerging markets government bonds, which exhibited by far the highest carbon intensity at the time of publication of the last sustainability report, was relinquished as a result of the last asset-liability management study (ALM study). The sale of these positions is the main contributor to the reduction in the carbon intensity of bond portfolios.

**There is no evidence that the exclusion of certain countries from the investment universe leads to improved behaviour on their part.**

## 2.5 Senior Loans

The two funds used for this asset class are classified under SFDR “Article 8”, namely as having a specific sustainability objective and incorporating sustainability criteria in the investment decisions. In addition to sectoral and regulatory exclusions, the funds pursue a best-in-class approach in selecting companies for the portfolio.

## 2.6 Climate Impact

### Statement 2025

Portfolio	% of the total	Management style		Climate impact (scopes 1+2)						Transparency			
				Carbon intensity PF	Carbon intensity BM	Comparative carbon intensity	Carbon footprint PF	Carbon footprint BM	Comparative carbon footprint	data provider	Carbon intensity	Carbon intensity benchmark	
CHF Bonds (Domestic)	19.9%	Passive	✓	11.4	18.2	-37%	4.9	5.0	2%	MSCI ESG	68.4%	59.4%	
CHF Bonds (Foreign)	5.7%	Passive	✓	43.6	39.7	10%	22.9	23.3	2%	MSCI ESG	88.9%	88.8%	
CHF Bonds - ESG (Domestic)	9.7%	Passive	✓	5.8	18.2	-68%	2.4	8.0	7.0%	MSCI ESG	64.6%	59.4%	
CHF Bonds - ESG (Foreign)	2.0%	Passive	✓	21.3	39.7	-46%	7.6	23.3	67%	MSCI ESG	86.4%	88.8%	
CHF Bonds	8.6%	Active	×	66.0	97.0	-32%	51.0	67.0	24%	Trucost	46.3%	35.6%	
Government Bonds	27.5%	Passive	✓	341.4	350.6	-3%	n/a	n/a	n/a	MSCI ESG	100.0%	100.0%	
Corporate Bonds	14.8%	Passive	✓	231.9	248.2	-7%	82.7	90.1	8%	MSCI ESG	98.1%	96.8%	
Corporate Green Bonds	2.8%	Active	×	9	89.0	128.0	-30%	46.0	71.0	35%	Trucost	97.9%	96.0%
Senior Loans	7.4%	Active	×	8	185.5	158.3	17%	154.7	111.0	-39%	MSCI	25.0%	25.0%
Senior Loans Europe	1.5%	Active	✓	8	67.0	n/a	n/a	55.0	n/a	0%		n/a	n/a
<b>TOTAL</b>	<b>100.0%</b>		<b>81%</b>	<b>156.9</b>	<b>165.2</b>	<b>-5.0%</b>	<b>45.4</b>	<b>46.4</b>	<b>-2.1%</b>		<b>78.5%</b>	<b>75.0%</b>	

## Comparison 2025/2023

Asset class	% of the total	Management style	Climate impact (scopes 1+2)						Transparency		
			Carbon intensity PF 2025/2023	Carbon intensity BM 2025/2023	Comparative carbon intensity 2025 - 2023	Carbon footprint PF 2025/2023	Carbon footprint BM 2025/2023	Comparative carbon footprint 2025 - 2023	Data Provider	Carbon intensity PF 2025/2023	Carbon intensity BM 2025/2023
CHF Bonds (Domestic)	19.9%	Passive	-69%	-57%	-24%	-75%	-79%	-16%	MSCI ESG	-0.2	-27%
CHF Bonds (Foreign)	5.7%	Passive	-40%	-23%	-32%	22%	107%	68%	MSCI ESG	2.5%	2%
CHF Bonds (Domestic) - ESG	9.7%	Passive	-84%	-57%	-55%	-89%	-66%	61%	MSCI ESG	-23.2%	-27%
CHF Bonds (Foreign) - ESG	2.0%	Passive	17%	-23%	4%	308%	107%	-16%	MSCI ESG	-0.5%	2%
CHF Bonds	8.6%	Active	3%	-20%	15%	-28%	-36%	-9%	Trucost	0.0	9%
Government Bonds	27.5%	Passive	26%	30%	-3%	n/a	n/a	n/a	MSCI ESG	0.9%	0%
Corporate Bonds	14.8%	Passive	9%	11%	-2%	27%	39%	9%	MSCI ESG	9.7%	1%
Corporate Green Bonds	2.8%	Active	-70%	-60%	-24%	-63%	-39%	42%	Trucost	2.4%	-3%
Senior Loans	7.4%	Active	7%	-19%	28%	194%	56%	-65%	MSCI	n/a	n/a
Senior Loans Europe	1.5%	Active	n/a	n/a	n/a	62%	n/a	n/a		n/a	n/a
<b>TOTAL</b>	<b>100.0%</b>		<b>-23%</b>	<b>-27%</b>	<b>-6%</b>	<b>-57%</b>	<b>-56%</b>	<b>-1.7%</b>		<b>-8%</b>	<b>-14%</b>

The first table on page 28 presents the list of bond portfolios as at 30.06.2025, with the same indicators as the situation report presented in the Sustainability Report 2023. The second table highlights the progress made between the two reports.

Since 2023, the main change has been the divestment of the emerging markets government bonds asset class, which is the main contributor of CO2 emissions in the allocation.

**Since the Sustainability Report 2023, the carbon intensity of the portfolio has been reduced by 23% and its carbon footprint by 57%**, the indicators of the corresponding indices fell by 27% and 56% respectively over the period. However, the changes in methodology and data providers make it difficult to interpret these results.

### 3. INFRASTRUCTURES

This asset class, managed actively in its entirety, is able to take advantage of the opportunities created by the energy transition, as shown by the fact that 35% of the assets are invested in green energies.

Four managers are responsible for this asset class with 6 funds on average. All of them incorporate ESG criteria into their investment processes; two funds are classified as SFDR Article 8 funds (46% of the assets), and one is defined as an impact investing fund, classified as an SFDR Article 9 fund (10% of the assets), with a specific climate objective. Data on carbon intensity and the carbon footprint are difficult to obtain for this alternative asset class, (private assets), which makes comparisons with the benchmark indices largely irrelevant.

**38% of green energy**

The managers nevertheless provide comprehensive reports on the integration of sustainability into the underlying investments and/or the decarbonisation strategies pursued.

The map of the links between the investments and the UN sustainable development goals presented below is nevertheless relevant to this asset class.



SUSTAINABLE DEVELOPMENT GOALS				
	Manager 1	Manager 2	Manager 3	Manager 4
1. No poverty				
2. "Zero" hunger				✓
3. Good health and well-being	✓		✓	
4. Quality education			✓	
5. Gender equality				✓
6. Clean water and sanitation	✓	✓	✓	
7. Affordable and clean energy	✓	✓	✓	✓
8. Decent work and economic growth	✓		✓	✓
9. Industry, innovation and infrastructure	✓	✓	✓	✓
10. Reduced inequalities				
11. Sustainable cities and communities	✓			
12. Responsible consumption and production				✓
13. Climate action	✓			✓
14. Life below water				✓
15. Life on land				
16. Peace, justice, and strong institutions				
17. Partnerships for the goals				

## 4. REAL ESTATE

According to the Swiss Federal Office of Energy, Swiss real estate consumes approximately 90 TWh annually, which is equivalent to around 40% of the final energy consumption in Switzerland, and also generates almost one third of the CO<sub>2</sub> emissions on our territory. It is therefore possible to have a direct and measurable impact on the environment by investing in the renovation of buildings and using renewable energies.

### 4.1 Direct Real Estate

As explained in detail in its climate strategy<sup>[24]</sup>, the Patrimonia Foundation has decided to bring its entire real estate portfolio into line with the Geneva legislation. The weight of the portfolio comprises over 12% of the total assets, up by 2%. Most of the real estate is situated in the Canton de Geneva.

The Foundation sets clear and measurable goals to reduce energy consumption. It measures all its emissions and implements action and investment plans to improve the energy efficiency of buildings, to reduce the energy consumption required for the production of heat and domestic hot water, electricity and water, and to prioritise sources of renewable energy.

**Patrimonia is implementing the eco21 programme proposed by the SIG (Services Industriels de Genève), a utilities provider, which will enable property owners<sup>[25]</sup> to reduce energy consumption and CO<sub>2</sub> emissions from their buildings.**

In a sustained endeavour to lower CO<sub>2</sub> emissions, the Foundation reduced the average annual emissions from its real estate from 28kg to 21kg CO<sub>2</sub> equivalent emissions per m<sup>2</sup> between 2022 and 2024, namely a reduction of over 25%. Taking scope 3 into account, the emissions have fallen from 32 kg to 23 kg, namely over 27%.

The graph on the following page depicts the heat expenditure indices<sup>[26]</sup> of the properties in the Foundation's real estate portfolio and their CO<sub>2</sub> equivalent emissions per square metre, with each bullet point representing one property.



**The average annual emissions from the real estate decreased by over 25% between 2022 and 2024.**

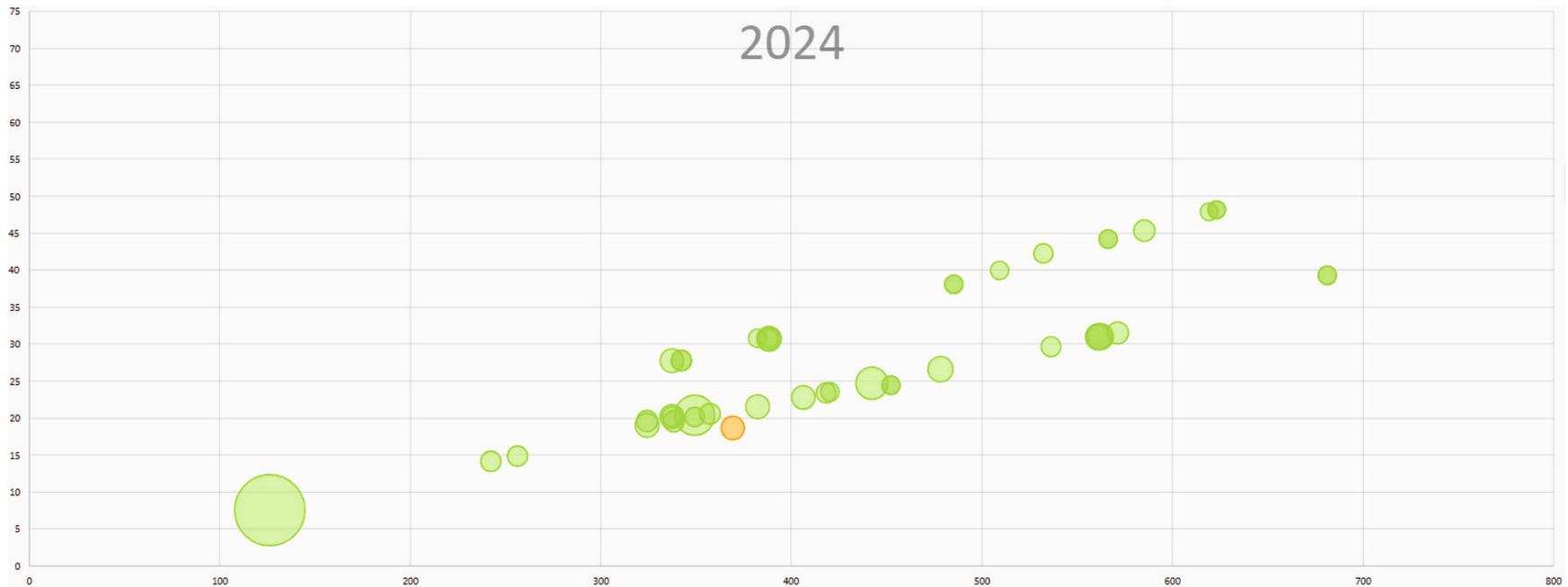
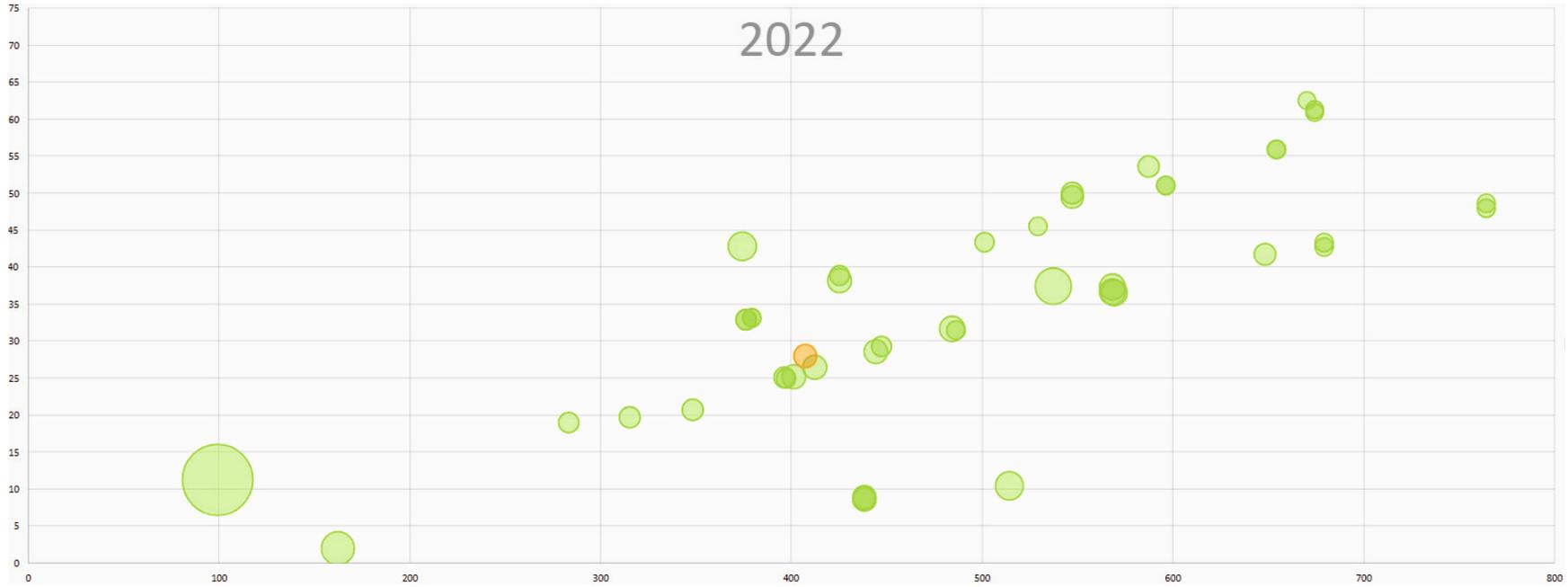
#### References/links

- <sup>[24]</sup> see paragraph 3.3.2
- <sup>[25]</sup> <https://ww2.sig-ge.ch/a-propos-de-sig/nous-connaître/le-programme-eco21>

#### References/links

- <sup>[26]</sup> Heat Expenditure Index  
heat consumption measured × climate correction factor for the heating component/Energy reference area: measures consumption by correcting the temperature variations from year to year for a more meaningful comparison.

### Development of CO<sub>2</sub> emissions (Y) and the Heat Expenditure Index HEI (X)



## 4.2 Indirect Real Estate

Although direct investments are preferred in Switzerland, around 20% of the Foundation's assets are invested in real estate through listed funds and investment funds. True to its "core-satellite" management, a large portion is invested in two index funds that invest indiscriminately in all the investment funds listed on the stock exchange for Switzerland (45% of indirect real estate investments) and in property investment companies that are also listed on the stock exchange for international real estate (2%). With regard to the other funds, the proportion with strategies aligned with the Paris Agreement has increased from 40% to 49%.

The improvement in the climate indicators of the indirect real estate is apparent. The energy intensity of the investments made in indirect real estate by Patrimonia has, in fact, fallen by 12% since the last report and the intensity of the greenhouse gas emissions by 6%, reflecting the efforts made in this regard <sup>[27]</sup>. Likewise, the proportion of fossil fuels in the energy mix has fallen by 10%, from 61% to 54%.

The funds with a sustainable development strategy have risen from 20% to almost 45%, whereby 34% have specific climate objectives and 88% have carbon neutrality in 2050 as their objective. Lastly, the GRESB score, the global standard for environmental, social and governance (ESG) benchmarking of real estate funds, has risen from 75 points to 83 points out of 100.



### References/links

<sup>[27]</sup> Energy intensity = kilowatt hours per square metre energy reference area and year; intensity of greenhouse gas emissions = kilograms of CO<sub>2</sub>e per square metre energy reference area and year.

ASSET CLASS		Non-listed Swiss real estate 1	Non-listed Swiss real estate 2	Non-listed Swiss real estate 3	Non-listed Swiss real estate 4	Non-listed Swiss real estate 5	Non-listed Swiss real estate 6	Listed Swiss real estate	Foreign real estate 1	Foreign real estate 2	Foreign real estate 3	Foreign real estate 4	TOTAL
Manager	% of the total	2.2%	4.1%	3.0%	6.6%	3.4%	3.5%	50.4%	11.6%	2.5%	4.5%	8.1%	100%
	Management style	Active	Active	Active	Active	Active	Active	Passive	Active	Active	Active	Passive	
Alignment with the Paris Agreement		✓	✗	✓	✓	✗	✓	✗	✗	✓	✗	✗	
SFDR classification (6,8,9)		-	-	-	-	-	-	-	-	-	-	-	
Climate Profile (scope 1+2)	Energy intensity*	97	122	338	113	n/a	98	109	131	186	n/a	n/a	122.9
	Energy intensity benchmark	n/a	140	n/a	n/a	n/a	n/a	109	169	169	n/a	n/a	
	Intensity of greenhouse gas emissions**	14	20	17	17	n/a	8	19	40	41	n/a	n/a	22.0
	Intensity of greenhouse gas emissions benchmark	n/a	22	n/a	n/a	n/a	n/a	19	38	38	n/a	n/a	
	Percentage of fossil fuels in the energy mix	75.0%	56.0%	66.0%	68.7%	n/a	52.7%	60.2%	n/a	66.0%	n/a	n/a	61.3%
	Percentage of fossil fuels in the energy mix benchmark	n/a	n/a	n/a	n/a	n/a	n/a	60	n/a	n/a	n/a	n/a	
Ratings	GRESB score	44	n/a	n/a	77	n/a	62	n/a	81	81	78	n/a	74.9
	GRESB score benchmark	75	n/a	n/a	75	n/a	75	n/a	79	77	74	n/a	76.5
	ESG score	n/a	n/a	n/a	n/a	4.5/5	n/a	6.67	71.25%	n/a	n/a	5.94	
	ESG Score Benchmark	n/a	n/a	n/a	n/a	3.0/5	n/a	6.67	n/a	n/a	n/a	5.94	
ESG approaches and targets	Sustainable development strategy (construction, acquisition, sale or renovation) with ESG targets	✓	✓	✓	✓	✓	✓	✗	✗	✓	✗	✗	
	Environmental strategy with climate targets	✓	✓	✓	✓	✓	✓	✗	✗	✓	✗	✗	
	Carbon target	Carbon neutral 2050	Significant reduction by 2050	Paris Agreement 2030	Paris Agreement	Not specified	Carbon neutral 2050	-	-	Carbon neutral 2040	-	-	
Certificate	Energy Performance Certificate for buildings	✓	✓	✗	✓	✓	✓	✗	✓	✓	✗	✗	
	If so, which?	SNBS, Minergie	Minergie		Minergie, DGNB, LEA	Minergie (> 90%)	Minergie, SNBS	GRESB	LEED, BREEAM, DGNB				

\*kilowatt hours per square metre of energy reference area per year (the rental area may also be used instead of the energy reference area)  
\*\*kilograms of CO<sub>2</sub>e per square metre of energy reference area per year

## Conclusion

This second situation report is an important milestone in the deployment of the sustainability strategy adopted by the Patrimonia Foundation. In effect, it provides an initial insight into the efficacy of the approaches undertaken by the Patrimonia Foundation in the past in terms of sustainability.

Although an assessment of the efficacy of the central theme of shareholder commitment, prioritised by Patrimonia, is still a complicated process, it is evident that the trajectory followed by the climate indicators, in particular energy intensity, is the correct one.

With regard to the direct real estate portfolio, energy efficiency and the reduction in CO<sub>2</sub> emissions can be calculated relatively easily, and the performance of the investments in this regard is also noteworthy. These factors strengthen the conviction that the strategy pursued by Patrimonia is the right one.

## Next steps

The initiatives that were started by the Board many years previously are not set in stone and will continue to evolve. The companies that have entrusted us with the management of their second pillar and the insured persons will always be duly informed of the progress made and of any adjustments to its strategy.

# Annex

Exposure to the so-called “controversial” sectors is presented in the following table. Whereas the reasoning behind the classification of certain sectors as controversial is debatable, the investments by Patrimonia in these sectors, which are very close to the benchmark, mirror its investment philosophy which promotes dialogue with the companies to induce them to change rather than excluding them from the investment universe.

INVESTMENT UNIVERSE		
Controversial sectors	Weight in the portfolio	Weight in the benchmark
Tobacco	0.24%	0.31%
Alcohol	0.85%	1.05%
Pornography	0.00%	0.09%
Nuclear energy	0.63%	0.71%
Arms	0.51%	0.62%
Gambling	0.17%	0.21%
Thermal coal	0.17%	0.18%
<b>TOTAL</b>	<b>2.58%</b>	<b>3.17%</b>



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