

Sustainability Report

2021/22



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Imprint

CEO Letter

When Helvetica was founded in 2006, I set out to build a firm I could be proud of. As long as I can remember, the notion of sustainability has fascinated me.

Helvetica's mission of building enduring value is rooted in a commitment to sustainability: We aim to protect and grow wealth for our clients through long-term, responsible investments in real estate.

When we started discussing how to embed best practices on environmental, social and governance (ESG) issues into Helvetica's policies and practices, I went back to the words "to be proud of." We needed to set ourselves a high ambition — to be bold and innovative in how we make a difference.

Our approach to ESG therefore isn't a generic philosophy. It flows directly from our 3 core values and our 8 guiding principles, which together shape our behavior as a firm. Long-term thinking is the golden thread that runs through everything we do—from how we invest and protect our customers' assets to how we safeguard the environment, uphold our social responsibilities and apply the highest standards of corporate governance. We pledge to incorporate our commitment to sustainability into every aspect of our work, not as a one-time initiative, but as a continuous investment in excellence, one that will evolve yet endure.

In 2020/21, we took the first of many steps in this direction:

- We piloted the process of certifying two properties through the German Sustainable Building Council (DGNB), which focuses on achieving climate neutrality for buildings already in use. Both properties earned the DGNB silver certificate for sustainably operated buildings, issued by the Swiss Sustainable Real Estate Association (SGNI).
- We launched two studies aimed at reducing fossil fuel consumption and increasing energy reliability. We have begun to replace some oil and gas heating systems with wood pellet systems, and we are continuing

to assess the feasibility of installing photovoltaic systems for all properties.

- We increased our focus on sustainability within the Board of Directors by adding Franziska Blindow-Prettl, a finance and sustainability expert and our first female board member. We also significantly strengthened our Executive Board with the additions of Salman Baday and Lucas Schlageter.
- We have created a new ESG function reporting directly to me as CEO during the start-up phase. The role will then be integrated into portfolio management. And We began defining a long-term sustainability strategy. One major step was to undertake a materiality analysis. In keeping with our focus on doing what's right for the long term, we began revising the management compensation plan, adding long-term incentives that fully align the top team with the company's goals.

Looking forward to 2022 and beyond, we plan to:

- Create a robust sustainability strategy with a 10-year action plan and measurable targets for our firm at multiple levels — i.e., for Helvetica, our investments, for each of our funds and for each property.
- We signed the UN Principles for Responsible Investment (PRI) in January, joining more than 4,300 organizations that together represent over US\$121 trillion in assets under management. As a proud PRI signatory, we will embed the six Principles of Responsible Investment in our policies and operations to ensure we are always applying an ESG mindset.
- Develop a formal Diversity, Equity and Inclusion Policy and work to increase diversity across our firm.
- Implement a new standardized management reporting system and key performance indicators across the entire firm to increase transparency and accountability
- Prepare for the publication of our first GRESB score in 2026.



Our 1984 CILO bike remains our symbol for sustainability, value preservation and long-term thinking.

Hans R. Holdener, CEO



Giving but not talking about it is the right thing to do – unlike today's today's corporate fashion of giving and talking about it constantly. No greenwashing for us.

You can read more about each of these initiatives in this report, which first provides an overview of our firm and how we think about sustainability, then dives deeply into economic, environmental, social and governance aspects of our approach.

When I was 15 years old, I learned that my Swiss father was one of the biggest private donors to the St. Hallvard Catholic Church in Oslo. He gave not only food, clothes and other necessities but also money and my much beloved table football game.

When I found out, I got angry and asked why he didn't tell me. His reply: "Why should I?" In his view, giving but not talking about it was what came naturally; it was the right thing to do. That's my preferred style as well – unlike today's corporate fashion of giving and talking about it constantly. No greenwashing for us.

In the spirit of providing an honest accounting of where we are today and where we hope to be, I am proud to share Helvetica's first sustainability report. Back in November, upon resuming the role of CEO, I realized that we had begun our sustainability journey but had yet to codify our progress formally. So I set the target of publishing this report by 5 April 2022 as a 56th birthday present to myself. Please join me and my colleagues in celebrating both milestones!

Hans R. Holdener

Helvetica at a Glance

Helvetica was founded in 2006 with a vision of building wealth and sustaining it from generation to generation. Our commitment to long-term ownership and active hands-on management of real estate has enabled us to deliver stable investment performance over almost two decades.

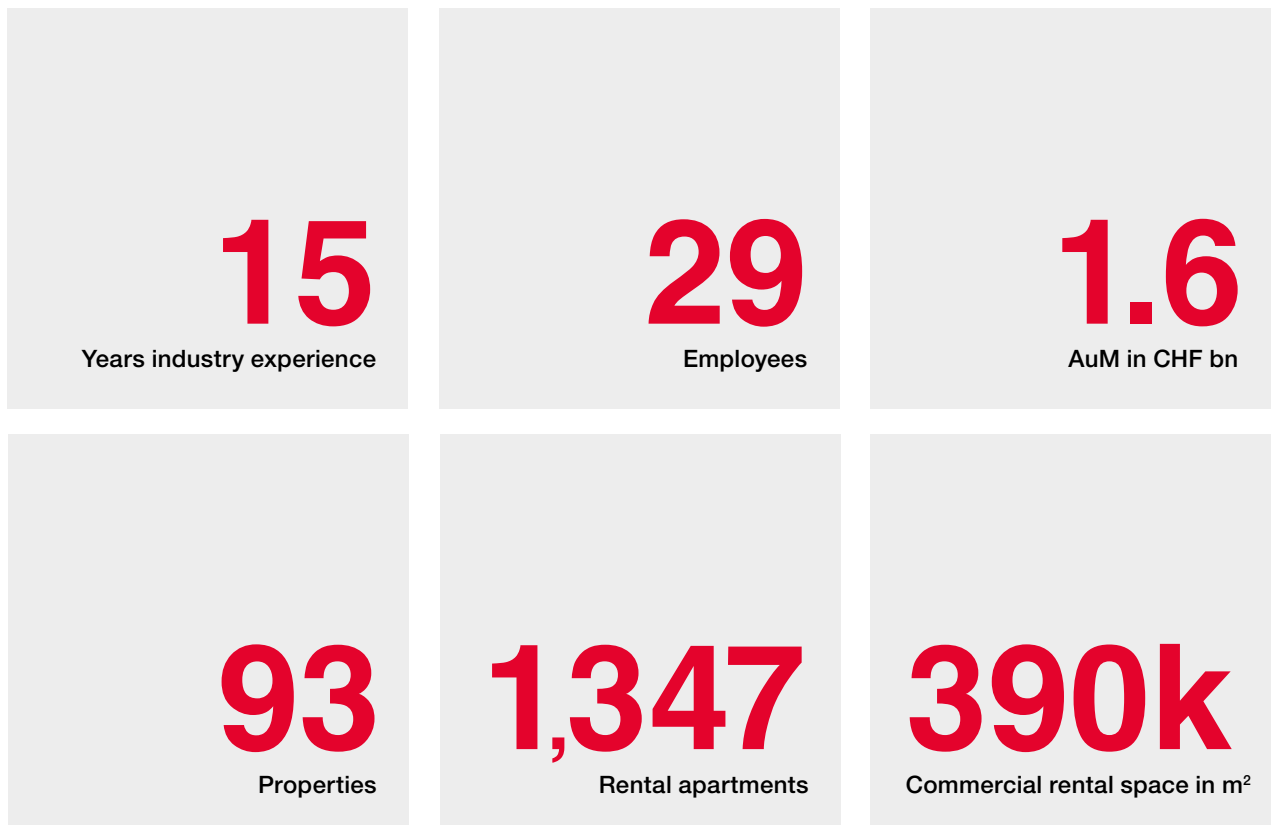
We are independently owned, beholden only to our clients and our values. When we do what's best for our clients, we do what's best for our firm and our people.

Today, Helvetica is a recognized real estate fund and asset manager regulated by the Swiss Financial Market Supervisory Authority (FINMA). We offer a comprehensive suite of investment products, solutions and advisory services for institutional clients, including public, corporate

and union pension funds, as well as insurance companies, foundations, endowments, asset managers and private investors.

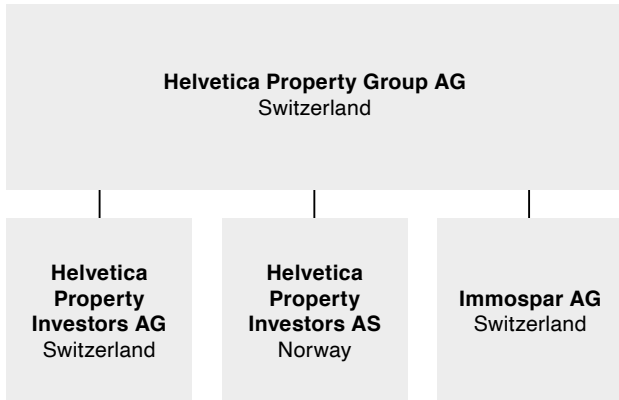
Helvetica's fully integrated platform covers the entire life cycle of real estate investments. Our expertise includes fund management, sales and investor relations, transaction management, portfolio and asset management and real estate development.

Facts & figures



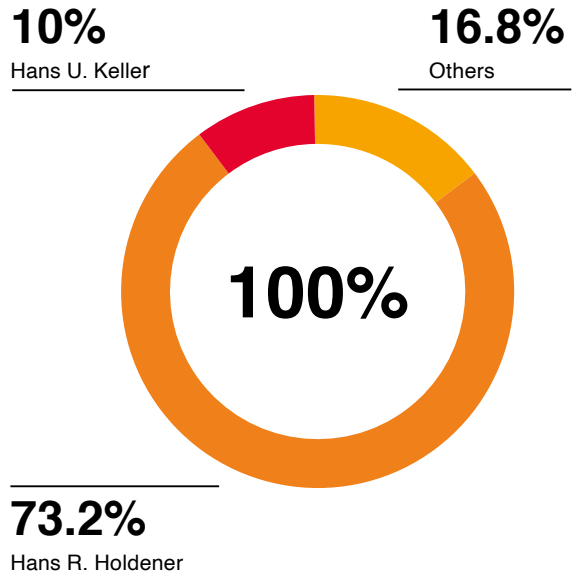
Corporate structure

Helvetica Property Group AG is a Swiss corporation with its registered office in Zurich. The shares of the company are not listed. Helvetica Property Group consists of four fully held companies, which are all consolidated.



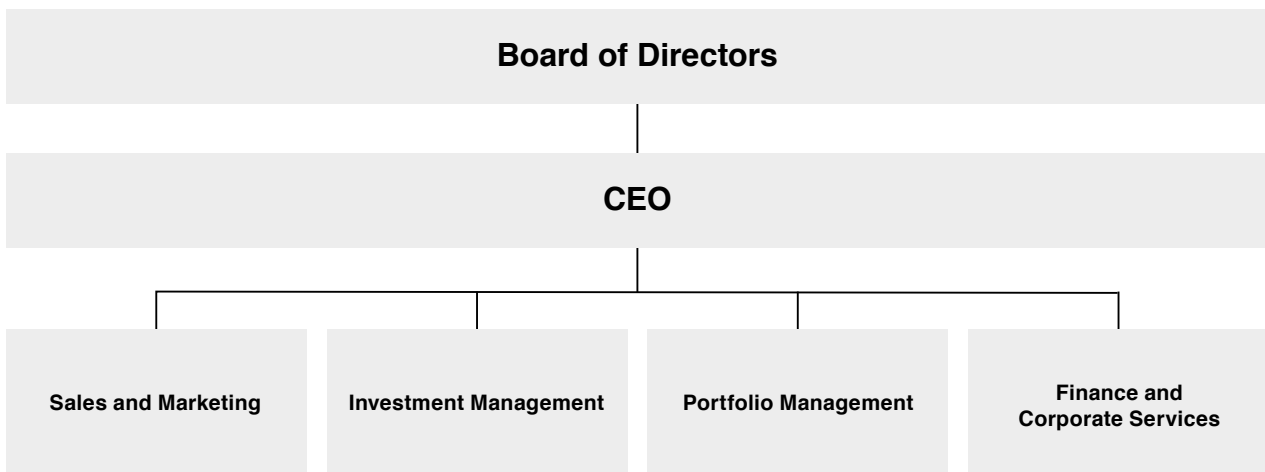
Independent ownership

The Firm is privately held and owned by management, members of the board of directors, senior staff and others. As of 31 December 2021, the company has the following shareholders:

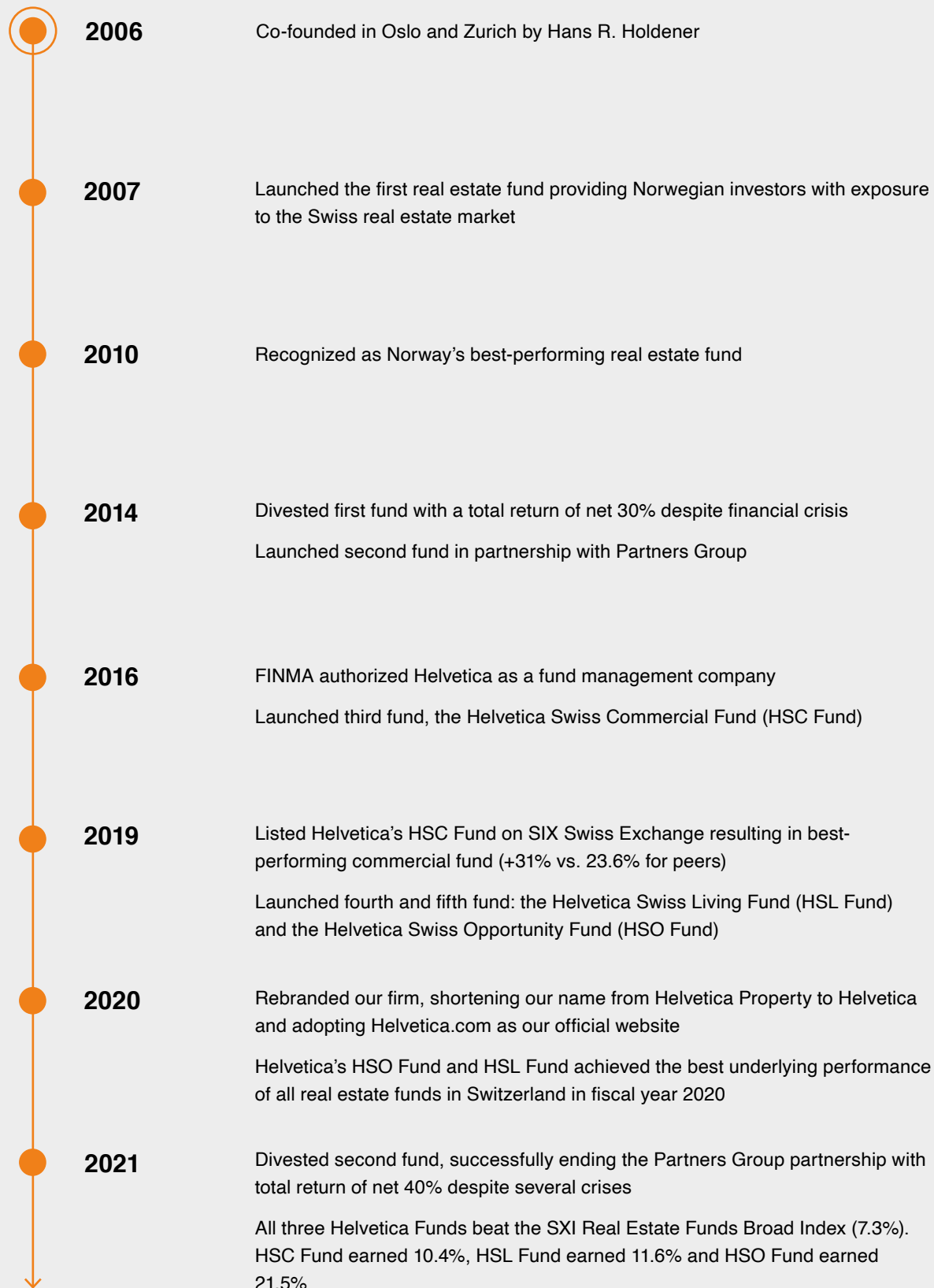


Organization & departments

Helvetica is organized in four major departments.

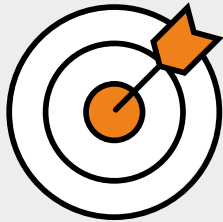


Corporate milestones



What sets us apart as a firm

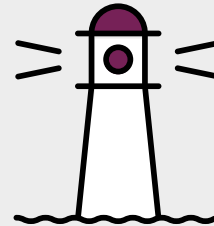
We are always looking forward, trying to become the best we can be; always grounded in our mission and vision; always mindful of the three core values and eight guiding principles that have shaped our founder’s life and continue to govern our daily behavior and decisions.



Mission

Building enduring value

We grow and sustain wealth through responsible, hands-on investing, guided by a long-term vision and sound business planning



Vision

Creating a new Swiss standard

Our vision is to create the most admired investment firm while inspiring our industry to embrace new values and fresh thinking.

Our 3 core values

The three bars in our logo symbolize our core values of passion, integrity and responsibility. Their solid nature and upward movement represent both stability and growth.

Passion

Enthusiasm is what keeps us going in good times and bad. It motivates us to go the extra mile. We love what we do and it shows.

Integrity

We keep our promises and hold ourselves accountable for results. We compete to succeed but we do so with respect.

Responsibility

We’re all about responsible investing for the long term: no shortcuts, no excuses. Doing what’s best for our clients in the long term is what’s best for us as well.



Our 8 guiding principles

These eight guiding principles define who we are and what we aspire to achieve, individually and together as a firm. Like a compass, these principles keep us on course. The infinite loop reminds us of the 1984 CILO bike our founder rode from Zurich to Oslo — our symbol of sustainability, value preservation and long-term thinking.





1. Clients first

When we focus first on our customers, everything else will follow. Putting clients first means treating their assets as though they were our own; working hard to earn and maintain trust; and never compromising on our mission of protecting and growing wealth. In every touchpoint, we strive to exceed expectations.



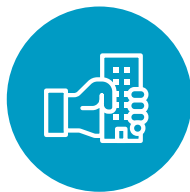
5. Doing what's right

We know we'll never go wrong by always doing right...even when no one else is looking. Fiercely independent, we are known for our commitment to the highest ethical standards.



2. Exceptional people

We bring together high-energy, top-quality people who strive for excellence and thrive in a culture of high standards, hard work and intellectual curiosity. Each of us at Helvetica, regardless of seniority, is expected to act like an owner of the firm.



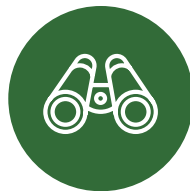
6. Hands-on approach

We stay very close to our investments, actively researching, assessing and managing assets. Staying hands-on keeps us attuned to risk and ahead of the curve in finding and unlocking value. It also helps us run a lean business.



3. Trust and transparency

Reputation is something you build by the millimeter and lose by the kilometer. It's the result of having cultivated enduring, trust-based relationships and always choosing transparency over secrecy.



7. Long-term view

At Helvetica we play the long game. This simple conviction is the foundation of our investment philosophy and the key to creating sustainable value since our very first days.



4. Discipline and rigor

We believe investing is both an art and a science. We rely on objective data, strict controls and thorough risk assessment, reviewing every angle of a potential deal to weigh the upsides and downsides. At the same time, we're not afraid to trust our gut based on experience, knowing that our customers count on us to act decisively in their best interests.



8. Care for our planet

We are fully committed to ensuring a more sustainable world. Together with our stakeholders, we will walk the talk, bringing our passion and our energy to finding new solutions that help protect and enrich the environment for future generations.

Our Roadmap to a Sustainable Future

As we began our journey towards sustainability, we knew we needed to take a structured approach. That means developing a shared understanding of where we were aiming to go, what success would look like and how we would work together in achieving our goals.

We also knew there were experts who could help guide us on this journey, as well as proven benchmarking tools; there was no need to plot our course from scratch or reinvent the wheel. This section lays out our process to date, how we intend to get from A to Z and how we will measure progress against global and industry standards.

A clear commitment, a pragmatic approach

We are a small firm with big ambitions, but we are pragmatists at heart. For starters, we put our ESG (environmental, social, governance) commitment in writing — one simple statement tied to each of the three key elements of sustainability, building on our three core values and eight guiding principles.

While our ESG aspirations are high, we are realistic about what we can and cannot control. Our purpose as a firm is create long-term, sustainable value.



We agreed, therefore, that our sustainability initiatives must:

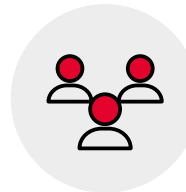
1. Be smart
2. Make sense
3. Stand the test of time

Our ESG commitment



Environment

We commit to finding new ways to effect positive, long-lasting change, bringing our passion and our energy to protecting the environment and enriching the lives of future generations.



Social

We treat our employees and communities with fairness, equity and respect and are committed to forging long-lasting relationships. We ensure a safe, inclusive workplace and contribute actively to our communities.



Governance

We create trust through transparency, are fiercely independent and ensure alignment of stakeholder interests while aiming for the highest ethical reporting standards possible.

Bringing the right resources to bear

We realized right away that responsibility for managing our sustainability efforts couldn't be divvied up among existing staff, as it would never be anyone's top priority. In order to walk the talk, we created the new role of ESG Manager, one person who would be 100% dedicated to orchestrating this work. Beyond designating our internal point person, we recognized that many other companies had a head start on the sustainability journey and that we could benefit from their expertise and experience.

We therefore engaged expert consultants to guide us in developing and applying robust methodologies for reporting and achieving property certification.

Schorenstrasse 39
Thun, Canton Bern



Materiality analysis: a systematic and strategic framework

Over the past few months, we created a systematic, strategic framework for managing sustainability reporting, in preparation for future publications to be aligned with the Global Reporting Initiative (GRI). Through a series of workshops, we undertook a materiality analysis to determine which aspects of sustainability were most relevant for our business and the outside world. This analysis looks at economic issues — the factors that influence our ability to succeed as a firm long term — as well as environment, social and governance issues. Hence the E-ESG structure you will see in the following sections of this report.

The materiality analysis yielded 16 strategically relevant issues grouped under the four umbrella themes. For each issue, we examined the risks and opportunities of action vs. inaction, set goals for improvement and identified how we will measure progress over the coming years and who is responsible for ensuring positive outcomes.

■ Economic themes

- Customer-oriented products and services
- Sustainable investment return
- Corporate economic success

■ Environmental themes

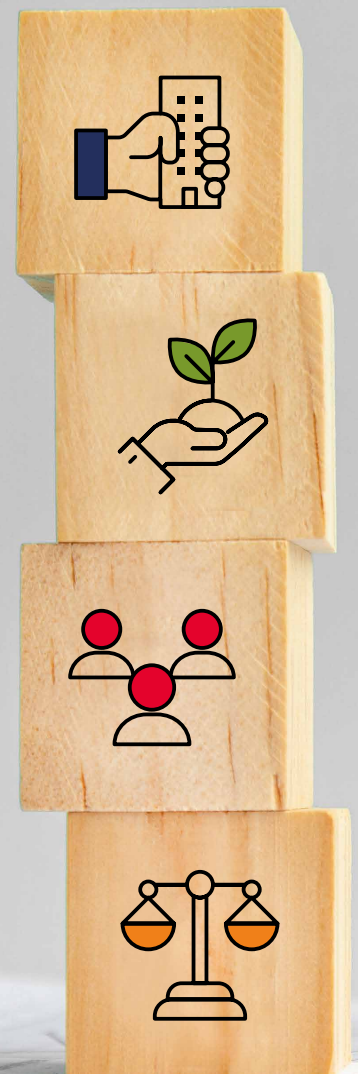
- Smart energy efficiency
- Climate change mitigation
- Sustainable mobility
- Sustainable investment products

■ Social themes

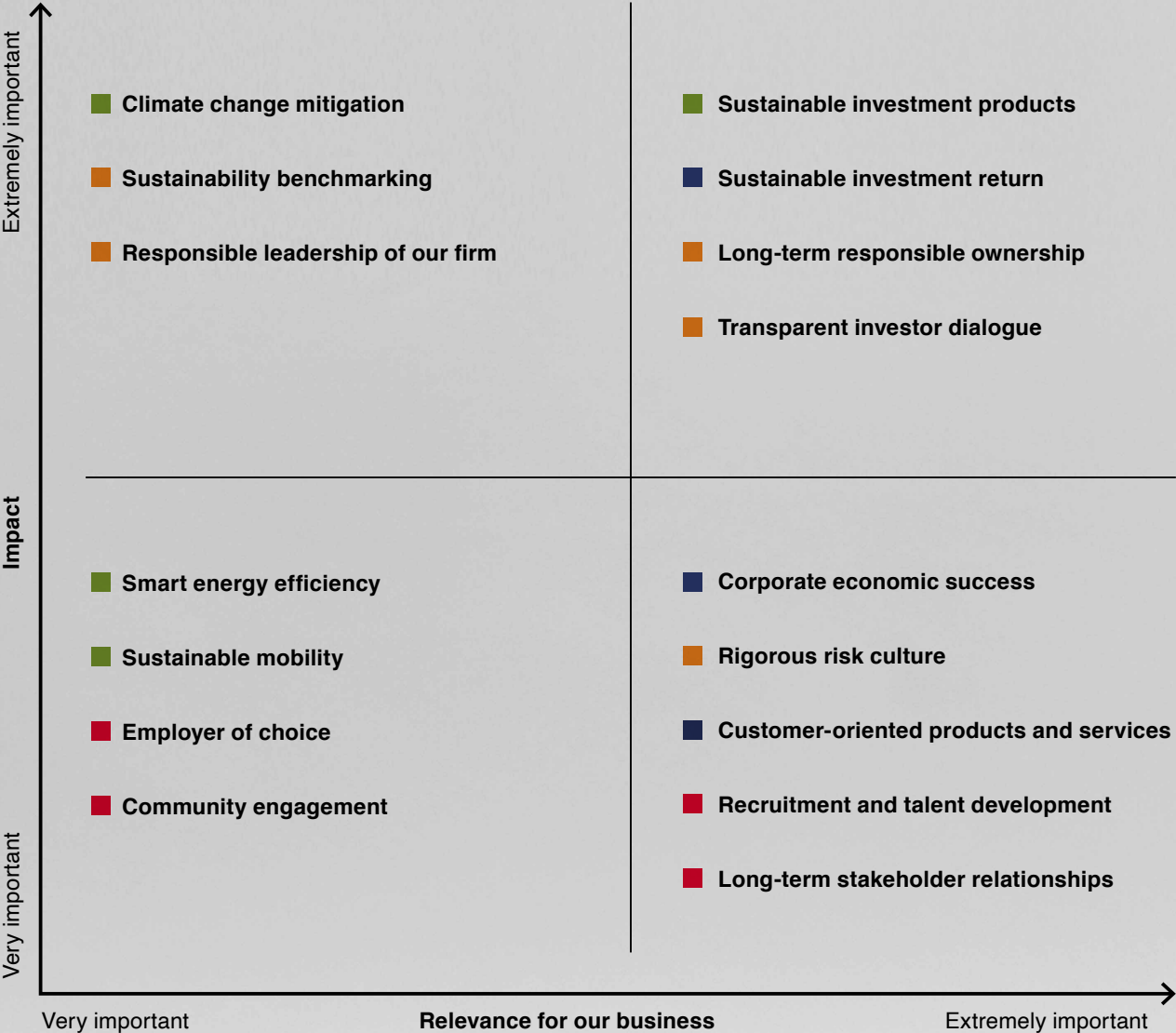
- Recruitment and talent development
- Employer of choice
- Long-term stakeholder relationships
- Community engagement

■ Governance themes

- Long-term responsible ownership
- Responsible leadership of our firm
- Rigorous risk culture
- Sustainability benchmarking
- Transparent investor dialogue



The materiality analysis



■ Economic themes ■ Environmental themes ■ Social themes ■ Governance themes

How we will measure success

All kinds of businesses — including investment managers like Helvetica — are being challenged to communicate what actions they are taking to ensure a more sustainable future. FINMA, the Swiss Financial Market Supervisory Authority, has already stated that ESG is on its radar, and investment pension fund consultants and other customers are inquiring more frequently about our ESG practices. Unfortunately, these calls for greater transparency have led to greenwashing in some cases. We at Helvetica believe that we can differentiate our firm from competitors by taking a clear, honest accounting of our company-wide practices and what is happening at the portfolio and property level.

Against this backdrop, the sustainability landscape is full of global, regional and industry-specific organizations setting expectations for corporations and investors. There also is no shortage of consultants and benchmarking tools to guide firms like Helvetica in establishing goals and tracking progress. In some cases, these organizations charge hefty membership or usage fees for firms trying to do the right thing. We get it — protecting our planet and creating a more equitable society takes time and costs money — but (as noted earlier) we are pragmatic and not keen on simply ticking the boxes that may or may not result in real impact.

After surveying the landscape, we have decided to align our sustainability initiatives with the guidelines, principles and benchmarks set out by the following organizations. At the end of this section, we lay out the overall timeline for implementing each standard.



Global Reporting Initiative

The Global Reporting Initiative (GRI) is an independent, international organization that provides a common language for businesses and other organizations to communicate and take responsibility for their impact. The GRI Standards are the world's most widely used and most comprehensive standards for sustainability reporting. They are available as a free public good.



More information about GRI
www.globalreporting.org



Principles for Responsible Investment

Helvetica became a signatory of the Principles for Responsible Investment (PRI) in January 2022. The PRI is both an organization and a set of principles. The organization encourages investors to use responsible investment to enhance returns and better manage risks. The six principles — developed by investors, for investors — provide a helpful framework for incorporating ESG issues into investment practice where consistent with fiduciary responsibilities.

Many of the potential actions associated with the PRI overlap with the issues and goals we have targeted for GRI adherence, particularly in the governance arena. You can read more about those in the governance section of this report.



More information about PRI
www.unpri.org

The 6 PRI principles

How Helvetica will implement these in practice

1

We will incorporate ESG issues into investment analysis and decision-making processes.

In the near future, we will develop a formal ESG policy that will be an integral part of the investment decision-making process and investment protocols.

2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

We have always been active owners, with a hands-on approach that keeps us very close to our investments. We will develop and implement a policy that clearly spells out ESG expectations for the properties we own and manage.

3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We are making ESG factors an integral part of our investment due diligence process and will do the same across our portfolio management protocols.

4

We will promote acceptance and implementation of the Principles within the investment industry.

We have created a new internal role dedicated solely to managing our sustainability efforts. We intend to promote ESG initiatives through active stakeholder dialogue and communicate expectations to service providers.

5

We will work together to enhance our effectiveness in implementing the Principles.

Our ESG Manager acts as coordinator between relevant departments and teams, bringing a sustainability perspective to all our work.

6

We will each report on our activities and progress towards implementing the Principles.

We commit to annual reporting to PRI and GRESB. Our reports will be available on PRI's website and shared with investors.

UN Sustainable Development Goals

In 2015, the UN published its 2030 Agenda for Sustainable Development, which set out 17 global goals for sustainable development. Each of the 17 SDGs encompasses specific targets aimed at ending poverty, fighting inequality and tackling climate change.

Helvetica supports all of the SDGs, but practically speaking we are focused on the three goals where our firm can have a measurable impact on improving environmental

and social conditions. The table below shows the most relevant goals for us and what we are doing to move the needle. All of these issues are addressed in greater detail in the environmental and social sections of this report.



More information about the SDG sdgs.un.org/goals



The goal

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

How we contribute

By growing our business and creating good jobs with training opportunities and career advancement potential



The goal

Make cities and human settlements inclusive, safe, resilient and sustainable

How we contribute

By investing in well-maintained commercial and residential properties that represent healthy places to work and live and offer easy access to public transit, bike-ways and other green modalities



The goal

Take urgent action to combat climate change and its impacts

How we contribute

By considering only CO₂-neutral heating replacements, we help to reduce greenhouse gas emissions



GRESB

The GRESB* Real Estate Assessment is the global standard for ESG benchmarking and reporting for listed property companies, private property funds, developers and investors that invest directly in real estate. The GRESB methodology is consistent across different regions, investment vehicles and property types and aligns with international reporting frameworks, including GRI and PRI.

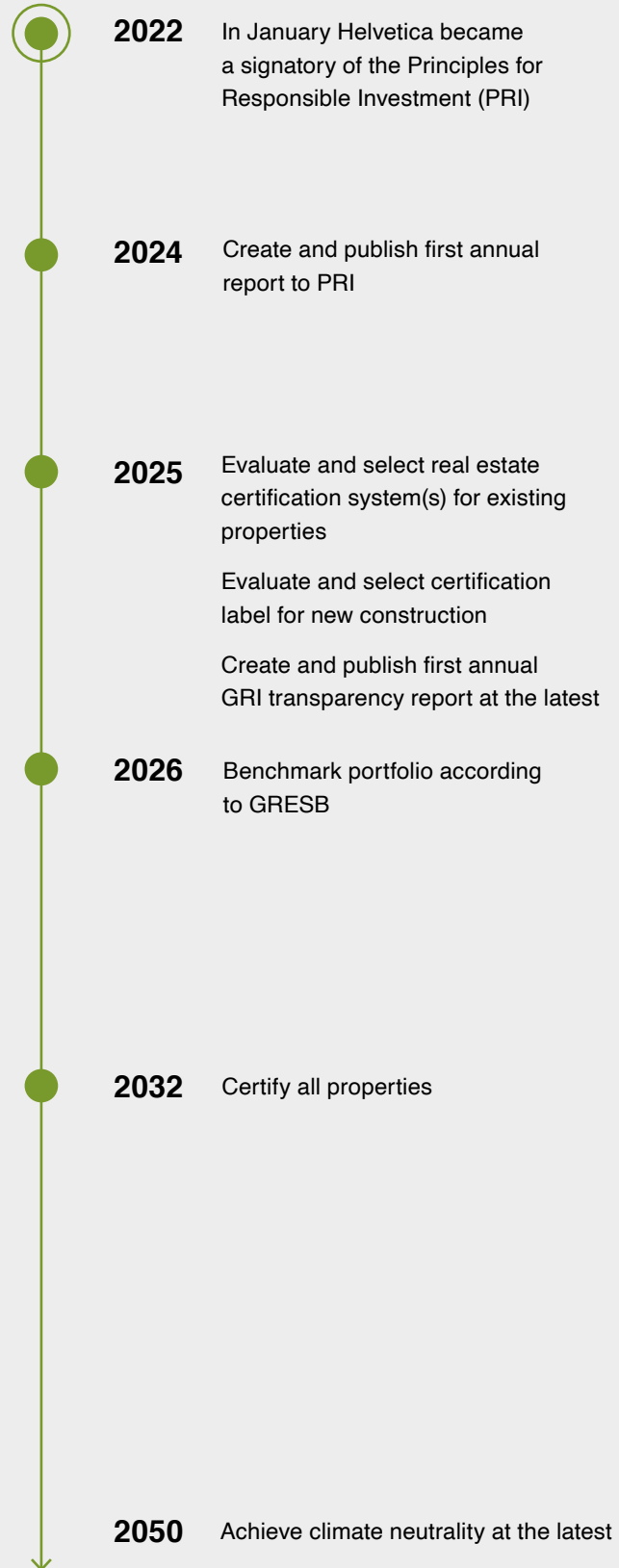
The 2021 real estate benchmark covers more than 1,500 property companies, real estate investment trusts (REITs), funds and developers. This data is used by more than 130 institutional and financial investors to monitor investments across portfolios and understand the opportunities, risks and choices to be made as the industry transitions to a more sustainable future.

Helvetica will benchmark each of our investment fund portfolios against the GRESB standards.

* GRESB was originally known as the “Global Real Estate Sustainability Benchmark” because its focus was the real estate sector. Since it now covers real assets, including infrastructure, the organization’s name was shortened to the acronym “GRESB.”

 More information about GRESB
[gresb.com](https://www.gresb.com)

Timeline for implementing standards



An aerial photograph of a dense forest, showing the intricate patterns of tree canopies from above. The colors range from deep greens to bright yellows, suggesting different tree species or seasonal changes. In the upper left quadrant, there is a large, stylized red quotation mark icon.

”

**We at Helvetica apply
the same long-term
thinking to sustaining
our environment that we
do to our investments.**



Looking Back on 2020/21

As the need to mitigate climate change becomes increasingly urgent, the capital market, regulators and concerned citizens expect businesses of all kinds — including real estate investment firms like Helvetica — to spell out what they are doing to achieve climate neutrality. At Helvetica, we recognize our responsibility to meet net-zero greenhouse gas emission targets so we can ensure a sustainable, grandchild-friendly future.

That's why we are developing a corporate sustainability strategy consistent with the goals of the Paris Climate Agreement and the current Swiss federal energy savings and emissions targets. But sustainability is not just an environmental issue. It's also a matter of equity and transparency. As detailed in this report, we are striving to align all of our processes and policies with best practices that will not only protect our planet for future generations but also lead to more sustainable outcomes as measured in economic, social and governance terms.

As we reflect on where Helvetica stands today in our journey towards sustainability, we appreciate the long road ahead. But let us celebrate the baby steps we have taken thus far, knowing that the groundwork we do now will enable longer strides and faster progress in the years to come.

Reducing reliance on fossil fuels

Our initial focus has been on the real estate assets owned by our funds — specifically, increasing energy efficiency and shifting from fossil fuels to renewable sources. In 2020/21, for example, we evaluated the feasibility and economic viability of producing our own energy with solar power at all HSC Fund property locations. Given that photovoltaic (PV) systems offer the highest possible degree of self-sufficiency, we will retrofit these systems wherever it makes economic sense to do so. Evaluation of properties in the other two funds is still under way.

Furthermore, from now on we will focus on renewable energy heating systems (heat pump, wood pellet, geothermal or bio mass) for planned or emergency replacements. As a first step, we have commissioned preliminary studies of all fossil-fuel-heated properties to examine possible replacement with climate-neutral heating systems.

Illustrative projects

In the following pages, we profile four properties where we have successfully converted fossil fuel heating systems to systems using renewable energy sources or plan to expand PV installations. One of these projects — in Wädenswil — involved a CHF 4 million investment to transform an office building into a school building. Two of the other projects involve office and production properties, and the fourth is a logistics facility.



”

We at
Helvetica
think in
generations,
not years.

Illustrative projects

1. Wädenswil

As part of the 2020 conversion from an office building to a school building, the oil heating system was replaced by a wood-pellet heating system. The new system has an output of 168 kW and was put into operation at the beginning of 2021. For this heating replacement, Energie Zukunft Schweiz AG granted a subsidy of around CHF 64,000.

As a leading player on the road to a fully renewable energy supply, Energie Zukunft Schweiz AG assists companies in the real estate industry, public authorities, energy suppliers and private individuals in implementing their energy transition.

To ensure direct accessibility to public transport for the students, the canton relocated a bus stop from its original location to right in front of the building.

Property Facts

Address	Steinacherstrasse 101, Wädenswil
Usage	School building
Rentable area	5'114 square meters
Heating system	Wood pellets
Photovoltaic system	–
Year of construction	1989
Last major renovation	2020
Investment vehicle	Helvetica Swiss Opportunity Fund
ISIN / Valor	CH0434725054 / 43472505
Share of fund	8.9%
Market value	CHF 20.8 million



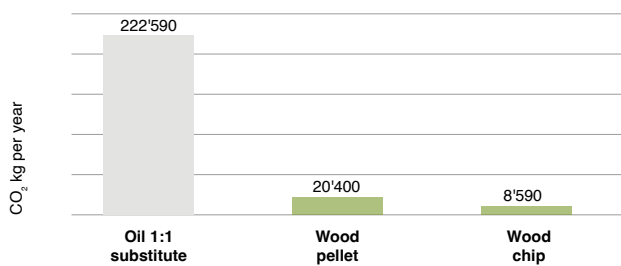


2. Winterthur

The oil heating system, which had reached the end of its service life, was replaced by a new wood pellet heating system with an output of 300 kW. The new system will be put into operation in April 2022. Hot water, provided by a freshwater station, is heated using an air-to-water heat pump that generates 16 kW of power. For the installed system, the HSC Fund received a subsidy of about CHF 138'000 from Energie Zukunft Schweiz AG.

As shown below, the heating system replacement will reduce annual greenhouse gas emissions by about 90%, from 223 tons to 20 tons.

Annual greenhouse gas emissions



The roof was completely refurbished in 2010. Accordingly, the next roof renovation is due in 2035. These are good conditions for the timely construction of a solar power system. In order to test the installation of such a system a preliminary project will be carried out in 2022 to confirm the definitive feasibility and to initiate the next steps for the for the implementation.

Property Facts

Address	Stegackerstrasse 6 & 6a, Winterthur
Usage	Office and production
Rentable area	20'669 square meters
Heating system	Wood pellets
Photovoltaic system	–
Year of construction	1984
Last major renovation	1990, 2012
Investment vehicle	Helvetica Swiss Commercial Fund
ISIN / Valor	CH0335507932 / 33550793
Share of fund	3.9%
Market value	CHF 29.6 million



3. Thun

This high-quality property was added to the HSC Fund at the end of 2019. The existing solar power system, with a peak output of 70 kW, delivers an annual electricity yield of approximately 90,000-95,000 kWh to the building. Because this system covers only about 3% of the building's total electricity consumption, we carried out a feasibility study in 2021 to determine whether expansion would make sense. This coming year, we will assess the practicability of expanding capacity by a peak output of 270 kW.

To ensure that only green electricity is used until the new solar power plant is commissioned, we negotiated a new energy supply contract consisting of hydro-power, solar power and electricity from wind and biomass as of January 1, 2021. As a result, electricity costs can be reduced by roughly 30% per kWh, which in turn leads to lower operating costs for tenants.

In front of the property there are six charging stations for electric vehicles. Four are reserved for tenants, while two are publicly accessible. The charging system is user-friendly and generates additional income for the property.

Property Facts

Address	Schorenstrasse 39, Thun
Usage	Office and production
Rentable area	24'565 square meters
Heating system	Geothermal
Photovoltaic system	Yes
Year of construction	2011
Last major renovation	–
Investment vehicle	Helvetica Swiss Commercial Fund
ISIN / Valor	CH0335507932 / 33550793
Share of fund	6.6%
Market value	CHF 49.8 million

4. Schaffhausen

This logistics building was built and acquired by Helvetica’s HSO Fund on a turnkey basis in 2020. The property is heated by an air-to-water heat pump.

The entire roof area is covered with a solar power system with a peak output of 847 kW, which is owned by Elektrizitätswerk des Kantons Schaffhausen. For the use of the roof an easement was given. In 2021, 18% of the produced electricity was directly used by the building and its tenant. The remainder, 764 kWh, was fed into the grid.

Property Facts

Address	Solenbergstrasse 21, Schaffhausen
Usage	Logistics
Rentable area	5'885 square meters
Heating system	Air-to-water heat pump
Photovoltaic system	Yes
Year of construction	2020
Last major renovation	–
Investment vehicle	Helvetica Swiss Opportunity Fund
ISIN / Valor	CH0434725054 / 43472505
Share of fund	6.9%
Market value	CHF 16.1 million





Deep dive pilot projects

We intend to drive the transformation process to climate neutrality and sustainability in a pragmatic, structured manner and to have our objectives and results validated by an internationally recognized certification. To this end, we launched a pilot program to certify two existing properties using the German Sustainable Building Council’s (DGNB) “Buildings in Operation” certification process, a tried-and-tested management tool focused on achieving climate neutrality.

We conducted our certification pilot projects with DGNB because certificates are accepted by GRESB and follow the goals of the Paris Climate Agreement, and the nine assessment criteria are aligned with the UN’s Sustainability Development Goals. In addition, some of our peers use the DGNB standard, allowing for direct comparisons. The pilot projects enabled us to take initial concrete steps toward sustainability at a property-specific level. However, we found that data acquisition is costly. Moreover, in order to implement the CO₂ reduction path, the necessary investments have to be integrated into portfolio planning, which poses a major challenge.

We started trialing the certification process in autumn 2020 with two pilot properties. One, from Helvetica’s HSL Fund, is a residential complex in Erlen; the other, from the HSC Fund, is a retail property in Rothenburg close to IKEA. In both cases, we prepared comprehensive certification reports. The main points from these reports are summarized on the following pages.

In May 2021, both properties received the DGNB silver certificate for sustainably operated buildings, issued by the Swiss Sustainable Real Estate Association (SGNI). Going forward, we plan to evaluate a variety of certification systems in order to choose one or more systems that meet our pragmatic criteria: “be smart, make sense and stand the test of time.”

The DGNB certificate: proof of greater sustainability in construction

With a share of over 80 percent in new construction and over 60 percent in the overall commercial real estate market, the DGNB is the market leader among certification providers in Germany; its process is widely used in Switzerland as well, under the auspices of the Swiss Sustainable Building Council (SGNI).

By systematically looking at all relevant information about the building and its actual characteristics, the energy usage situation and the real consumption parameters, the certification system helps to create transparency and identify optimization potential.

	Platinum	Gold	Silver	Bronze*
				
Total performance index	80% and higher	65% and higher	50% and higher	35% and higher
Minimum performance index	65%	50%	35%	–%

*This award only applies to certification of existing buildings / the buildings in use certificate

Source: www.dgnb-system.de/en/system/index.php

Deep dive Erlen

For the first deep dive project we choose a rather new and well-maintained residential building. The property in Erlen, in the canton of Thurgau, consists of five residential buildings arranged next to each other in an offset manner. They contain 44 apartments comprising 2.5 to 5.5 rooms, suitable for singles, couples and families. The large sitting areas, balconies and terraces allow an undisturbed view of the greenery.

Property facts

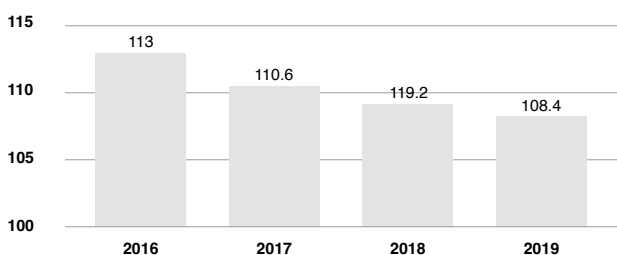
Address	Kümmertshausenstrasse 7a – 11b, Erlen
Usage	Residential
Number of apartments	44
Rentable area in m ²	4'576
Heating system	Geothermal energy
Year of construction	2013
Last extensive renovation	–
Investment vehicle	Helvetica Swiss Living Fund
ISIN / Valor	CH0495275668 / 49527566
Share of fund	4.8%
Market value	CHF 24.2 million

The analysis

Environmental testing

Built in 2013, the building in Erlen has a state-of-the-art insulated building shell and windows with double and triple glazing. Heat and hot water are generated by means of an electrically operated brine heat pump (geothermal probes) which resulted in a decrease of weighted electricity consumption by 4% between 2016 and 2019 as shown in the graphic below.

Weighted electricity consumption in kWh/m²



According to the breakdown below, the electricity consumption for heating and hot water of annually combined 13.2 kWh/m² (weighted 26.4 kWh/m² annually) is below the 2014 benchmark value for new buildings according to the cantonal energy regulations (MuKE) for residential use (35 kWh/m² annually). Consumption for other uses is based on assumptions and will be determined in the future and optimized where necessary.

Breakdown of electricity consumption

Year	2016	2017	2018	2019	
Electricity consumption for heating and hot water (kWh)	Electricity consumption for heating adjusted	10.0	9.9	10.1	10.0
	Electricity consumption for hot water	3.4	3.3	3.0	3.2
General electricity consumption [kWh/m ²]	8.1	7.1	6.4	6.0	
Electricity consumption for other uses [kWh/m ²]	35	35	35	35	
Electricity consumption [kWh/m ²]	56.5	55.3	54.6	54.2	
Weighted electricity consumption [kWh/m ²]	113.0	110.6	109.2	108.4	

Implementation of improvement measures

In 2019 no measures were required because consumption values reached the current target value of 35 kWh/m²a.

Climate protection roadmap

Measures for the climate protection roadmap to 2040 have been defined. These include installation of a PV system, operational optimization and replacement of the heat pump. The measures will be supplemented by further steps to reduce consumption and CO₂ emissions. All of the planned actions will be integrated in an investment plan.

Kümmertshausenstrasse 7a – 11b
Erlen, Canton Thurgau



Kümmertshausenstrasse 7a – 11b
Erlen, Canton Thurgau



Economic aspects

Operating costs

The goal is to minimize operating costs, but we expect them to be around CHF 149,000 a year. In Erlen, the reference value is based on the service charge settlements from July 2018 to June 2019 and from July 2019 to June 2020.

Risk management and value preservation

As a result of climate change at the site, the environmental risks of hail, climate extremes and flooding are most relevant. The property is located in a hail zone and therefore at risk. Extreme temperatures are classified as having a low to medium probability of occurrence. Floods are considered a low risk because they occur less frequently than every 100 years.

To account for the risk of hail, glass surfaces in exposed locations were optimized or avoided altogether. To manage potential climate extremes, a correspondingly high building standard was selected with regard to heating, sun protection and green spaces. Further technical facilities are designed to prevent damage in the event of flooding.

Social aspects

Interior comfort

To measure indoor comfort, we took short-term measurements (temperatures, CO₂ concentration and humidity) only for the duration of an extreme period and in rooms with critical indoor comfort conditions.

The following benchmarks were defined:

- Thermal comfort: 20°C to 28°C with a maximum exceedance of 100h a year
- Humidity: relative 25% to 70%, absolute 4.32 g/m³ to 17.05 g/m³
- Air quality: <1,300 ppm

As described later in this report, we will conduct a periodic tenant satisfaction survey that covers temperature, air quality, visual comfort and lighting, and acoustics. This survey will also yield valuable information on satisfaction with the overall quality of stay, safety, accessibility and user interaction. Feedback from this survey will feed into our ongoing product development process.

Accessibility

The grounds are designed to be barrier-free. There is barrier-free access to the buildings, the lifts and the underground parking garage. The entrances to the apartments as well as the apartments themselves are barrier-free as well.

Sustainable mobility

The property is located only 350 meters from the train station, which provides regional and national connections. Various shopping and service facilities are available within walking distance. Educational institutions and recreational opportunities such as golf are also located nearby.

In front of each building entrance, there are weather protected (covered on top and sides) and illuminated bicycle parking facilities, where residents and visitors can lock up their bikes. There is also a storage room for bicycles, etc. in the basement of each building.

DGNB certification scores

Topic	Index weighting	Performance
Environmental quality	40%	64%
Economic quality	30%	54%
Sociocultural and functional quality	30%	38%
Overall performance index		53%

Silver

Certificate award level



Deep dive Rothenburg

For the second deep dive project we choose a commercial retail building which was built according to the Swiss Minergie sustainability standard, hence never certified. The retail property in Rothenburg, in the canton of Luzern, consists of three floors (basement, ground floor and first floor). In front of the generously covered entrance and shop window front is a parking facility. In the basement is an underground garage and some of the technical rooms. The retail space on the first floor is occupied by the tenants Ochsner Sport, M-Electronics, Dosenbach, Chicorée and Denova. On the upper floor there is a fitness center and more technical rooms. The flat roof is greened.

Property facts

Address	Wahligenstrasse 4, Rothenburg
Usage	Retail
Rentable area in m ²	5'716
Heating system	Geothermal heat pump
Year of construction	2013
Last extensive renovation	–
Investment vehicle	Helvetica Swiss Commercial Fund
ISIN / Valor	CH0335507932 / 33550793
Share of fund	2.3%
Market value	CHF 17.6 million

The Analysis

Environmental testing

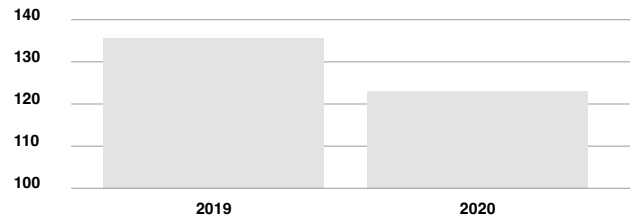
The building, constructed in 2013, meets the Minergie primary requirements but it was not Minergie-certified. Energy is supplied by a geothermal probe heat pump system for heating and cooling. Cooling is provided by a refrigeration system with 150 kW of free-cooling capacity plus a 145-kW chiller.

The measured data for the observation period from 2019 to 2020 were analyzed quantitatively and qualitatively and adjusted for the following items:

- Closures due to the coronavirus pandemic in March, April and December 2020.
- The special reduction in energy prices in 2020 (includes price adjustments due to new calculation methods and corresponding repayments).

This resulted in a decrease of weighted electricity consumption by 9.6% between 2019 and 2020 as shown in the graphic below.

Weighted electricity consumption in kWh/m²



Breakdown of electricity consumption

Year	2019	2020
Electricity consumption [kWh]	447.212	388.771
Electricity consumption adjusted [kWh]	447.212	404.087
Electricity consumption adjusted [kWh/m ²]	68	62
Electricity consumption adjusted and weighted [kWh/m ²]	136	123

Implementation of improvement measures

The target value of 120 kWh/m² could not be achieved. However, electricity consumption was reduced by just under 10% compared to the previous year. Total consumption in 2020 amounted to 388,771 kWh, which corresponds to 404,087 kWh or 123 kWh/m² after adjustment.

Climate protection roadmap

According to the pilot project, the goal is to achieve climate neutrality for the property by 2030. Renewable energies are already used through the heat pump, but we plan to install a photo-voltaic system. The feasibility study carried out in 2021 shows that a PV system with an estimated peak output of 160 kW could be installed, and potential implementation will be further considered.



WALIGE
SHOPPING

OCHSNER SPORT

OCHSNER SPORT

OUTLET

Grüezi

WALIGE SHOPPING

P

2.1m

20

LPG



Wahligenstrasse 4
Rothenburg, Canton Lucerne

Economic aspects

Operating costs

The aim is to minimize these costs or at least keep them stable. The operating costs are listed according to a standardized cost breakdown structure. In Rothenburg, the reference value is based on the year 2020, with consumption data and costs adjusted for the pandemic closure times and the special reduction on energy prices. Therefore, annual costs of CHF 227,000 are considered as an internal benchmark.

Risk management and value preservation

As a result of climate change, the environmental risks of hail, climate extremes and heavy rainfall are most relevant. For hail, a high risk is assumed because the property is located in a hail zone. Extreme temperatures are classified as having a low to medium probability of occurrence.

Heavy rainfall is considered a low to medium risk because the amount of precipitation is typically less than 25 mm per hour.

To account for risk of hail, glass surfaces at exposed locations were optimized or avoided altogether. To anticipate particular climate extremes, a correspondingly high building standard was selected in terms of heating, sun protection and a green roof. No specific precautions were taken for the risk of heavy rain.

Social aspects

Indoor comfort is maintained through continuous, year-round measurement in representative rooms (temperatures, humidity, CO₂ concentration). The following benchmarks were defined:

- Thermal comfort: 20°C to 26°C with a maximum exceedance of 100h a year
- Air humidity: relative 25% to 70%, absolute 4.32 g/m³ to 17.05 g/m³
- Air quality: <1,300 ppm

As described later in this report, we will conduct a periodic tenant satisfaction survey that covers temperature, air quality, visual comfort and lighting, and acoustics. The also survey provides information on satisfaction with the quality of stay, safety, accessibility and user interaction.

Accessibility

The building is barrier-free accessible and has accessible, barrier-free lifts.

Health promotion

The fitness center offers different types of group training as well as individual training options. In addition to equipment training and various classes, there are several saunas and relaxation rooms. This center is open to all users for an entrance fee or a membership fee. Employees of the Migros Group (such as M-Electronics, which has a store in the Rothenburg property) receive discounts.

Sustainable mobility

The property is located on the A2 freeway right next to IKEA. Thanks to this location and a public transport connection just 350 meters away, the property is well connected. About 20 meters from the entrance to the Ochsner Sport store are 40 covered and lighted parking spaces for bicycles, with opportunities for locking. The fitness center has showers and changing rooms as well as storage facilities. Visitors and employees can also use changing rooms and storage facilities on the ground floor, which encourages access via bicycle. There are several charging stations for electric vehicles around the shopping center.

DGNB certification scores

Topic	Index weighting	Performance
Environmental quality	40%	59%
Economic quality	30%	64%
Sociocultural and functional quality	30%	36%
Overall performance index		54%

Silver



Certificate award level

What Economic Responsibility Means to Us

Through our economic materiality analysis, we identified three issues that are essential to Helvetica’s sustainability as a firm:

Customer-oriented products and services

Helvetica must offer products and services tailored to the needs of different customer segments.

Like any successful business, Helvetica must understand and anticipate the needs of customers, both now and in the future, and design and adapt products and services accordingly. Being customer-driven helps create long-term relationships and foster trust, which in turn makes it easier to plan for growth, reduces risk and contributes to stability for all stakeholders.

The Executive Board and the Board of Directors, the latter of which also acts as Strategy Committee, is responsible for ensuring that customer needs are appropriately incorporated into our products and services. At the highest level, the Helvetica investment management policy ensures that investments are made in the best interests of the investor. The sales team receives feedback from investors, while the portfolio management team is in dialogue with tenants, whom we consider our customers. This feedback is evaluated and recorded at the monthly management meeting and measures are then derived from it. We also benchmark our products and services against those of competitors.

Going forward, we plan to introduce a formal tenant survey, which will allow us to collect quantitative and qualitative feedback in a more systematic way. We also will survey service providers (e.g., property managers) to assess whether their business practices meet our social and environmental standards. To assure that customer feedback is integrated into new products and services in a structured way, we will establish a formal product development process.

Sustainable investment returns

The firm’s investments are aimed at customers who want to make stable, long-term, attractive financial returns.

Investment returns are a key indicator for a firm like ours. Institutional investors, in particular, expect sustainable returns on pension fund investments, for which safety and security are paramount.

Our goal is to sustain investment returns at a minimum of 2% above the yield on 10-year government bonds.

Long-term planning and long-term investing lead to sustainable returns. To ensure long-term sustainable investment returns, we work with a five-year business planning horizon, targeting KPIs like distribution yield. Through the annual budgeting process and review of the five-year plan, we track progress towards our goals.

The 4 Pillars of Helvetica’s Investment Philosophy

 Focus on quality	 Contrarian view
 Patient approach	 Skepticism

Corporate economic success

This topic refers to a solid capital basis of our company, investments and funds. Likewise, corporate economic success means the optimization of internal processes required to ensure the long-term success of the company.

Having a strong equity basis is key to our firm’s success. This financial solidity represents security to our employees, shareholders and investors. Moreover, it allows us to think long term even in difficult markets and to act quickly when opportunities arise. Our goal is to be profitable and be able to grow and operate the firm soundly for future growth.

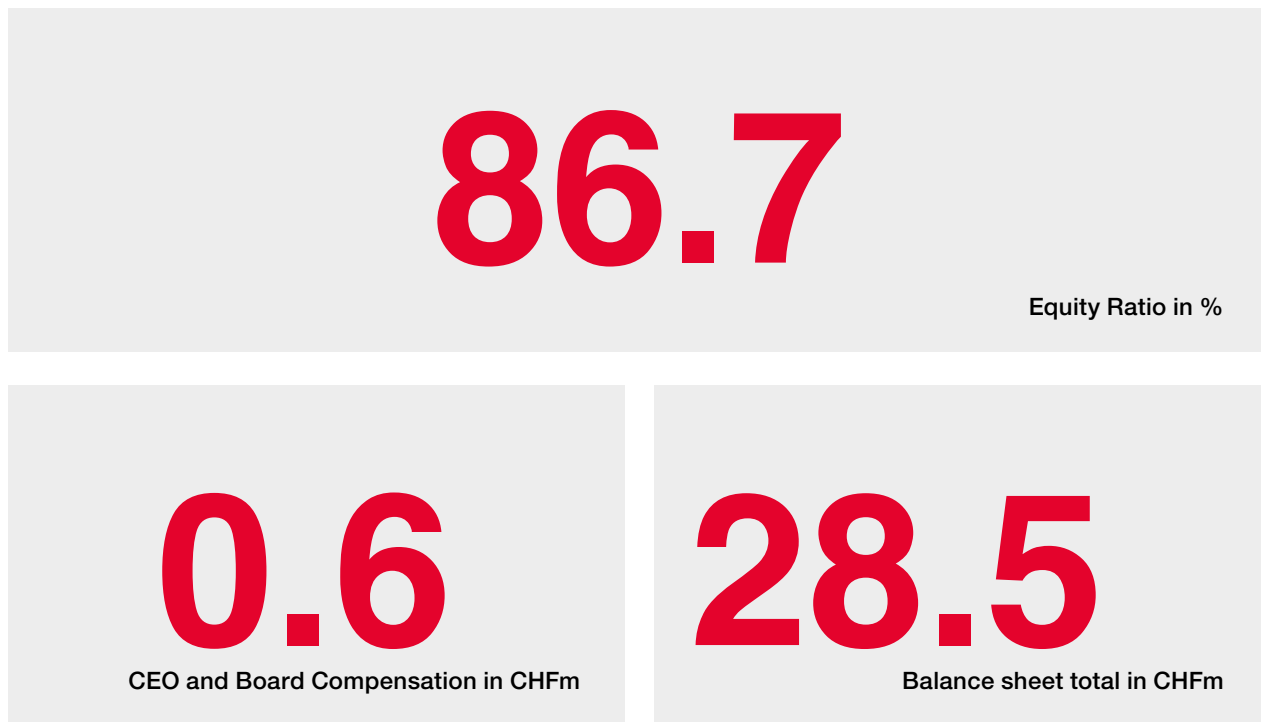
The Board of Directors and CEO are responsible for the firm’s strategic direction. We develop and implement five-year business plans, which may be approved and/or adjusted by the Board in regular meetings. We also conduct periodic strategy workshops and business development sessions to refine our strategy and business plans.

We operate against a set of standardized KPIs that cascade from the board of directors to management to employees. We also benchmark the firm against relevant peers, looking at factors such as assets under management, AuM growth, AuM per employee and net operating income margin. We will also work to further institutionalize our fund reporting and seek to reduce our fund costs in terms of total expense ratio relative to our peers.

Going forward, we will provide transparent information to our shareholders by continuing to produce a comprehensive financial group report based on Swiss accounting standards (Swiss Gaap FER). This report gives a true and fair view of our financial position.

As a privately held company, we are not required to share information regarding direct economic value generated and distributed. However, we will publish financial information as shown in the table below.

Helvetica Key Figures





The Gotthard Pass at 2,106 m is a mountain pass in the Swiss Alps traversing the Saint-Gotthard massif and connecting northern with southern Switzerland.



Ensuring a Greener Environment

Through our environmental materiality analysis, we identified four relevant issues for our firm:

Smart energy efficiency

The goal here is to use a higher proportion of renewable energy sources while reducing overall energy use, both within Helvetica itself and in our real estate investments.

Investments in smart energy efficiency will have a negative financial impact on our business initially, as we cannot pass the upfront capital costs (e.g., for heating system conversion) onto tenants through higher rents. Yet we recognize that these investments are absolutely essential and will pay off over the long run through lower operating costs, the enhanced marketing appeal of environmentally friendly properties and the reputational benefits to our firm. And, of course, the reduction of CO₂ emissions and overall energy consumption benefits our community and society as a whole.

Our ESG Manager is responsible for pursuing smart energy efficiency for the firm itself. For our real estate holdings, we have a competency center comprising people from different departments that have a bearing on smart energy efficiency. This center works to ensure that investments in energy efficiency are made profitable whenever possible.

Going forward, we will embed ESG criteria in our policies guiding investments in new properties and renovations of older buildings. Our goals include developing a CO₂ reduction path for all of our real estate assets, expanding photovoltaic (PV) systems and modernizing heating systems. We also plan to implement systematic measurement over next few years, including KPIs, benchmarking and external audits. This will require introduction of metering systems in all properties to collect critical data.

The table on page 44 shows the type of energy used in property heating systems across all of Helvetica's funds, as well as a breakdown for our three funds. Across all funds, environmentally friendly energy sources (geothermal, wood pellets, air-to-water heat pumps and district heating) together currently account for 38% of the total.

Our goal is to steadily increase the share of renewable energy sources wherever this makes sense. In future ESG re-ports, we will include data on the fuel consumption breakdown from renewable and nonrenewable sources across our real estate portfolios and communicate the reduction in energy consumption resulting from conservation and efficiency initiatives.

Climate change mitigation

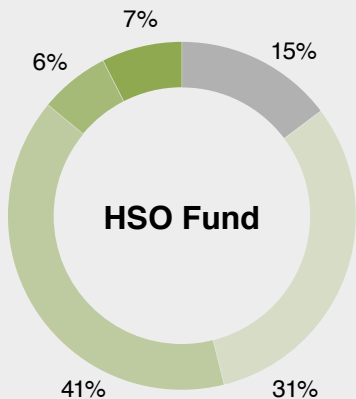
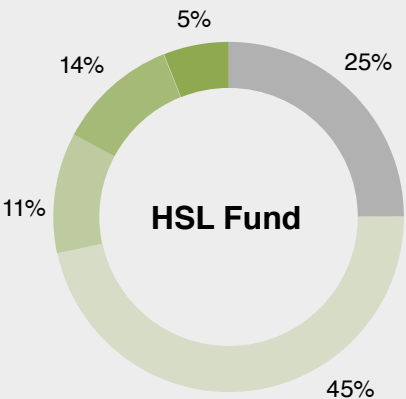
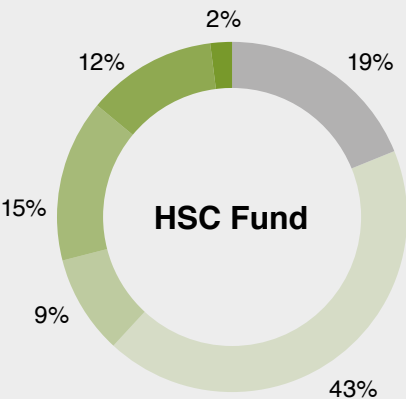
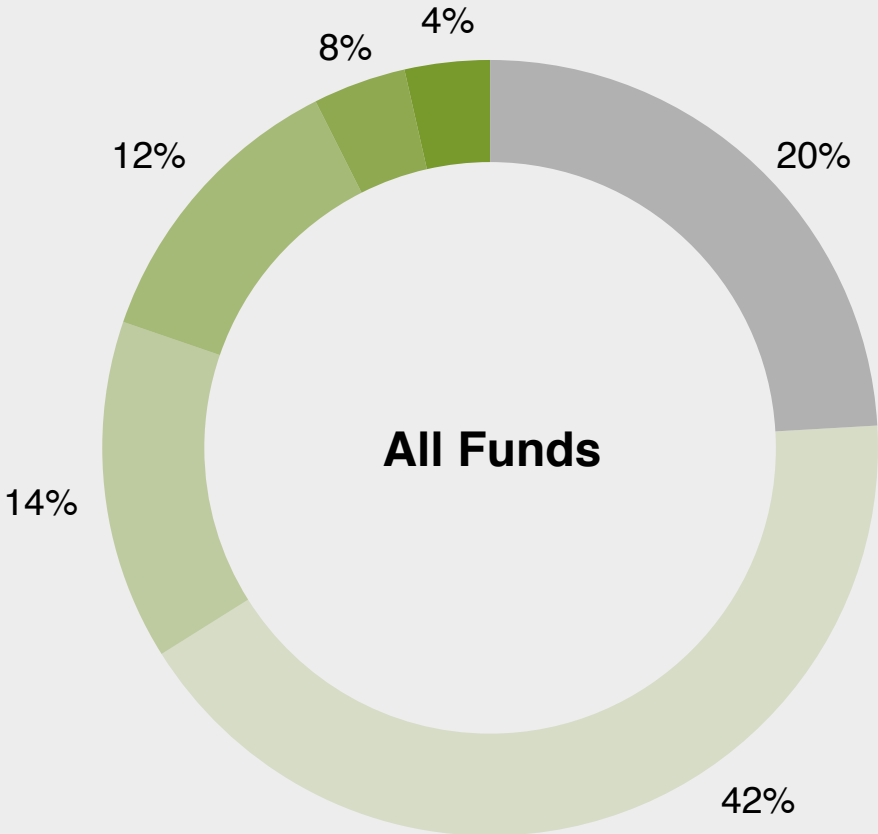
This refers to the reduction of greenhouse gas emissions by Helvetica and by our real estate holdings. It also refers to adaptations made in response to climate change.

We see climate protection as an overarching strategic issue that will help us to position our investment products and our company well for the future. In order to be able to reliably report the KPIs on greenhouse gas emissions required by GRI, we must collect high-quality data. The ESG Manager is responsible for managing the collection and analysis of energy consumption data in cooperation with the portfolio management team.

We have already taken several steps in terms of climate protection. For example, we carried out a feasibility study for sustainable replacement of all heating systems at the end of their lifecycle. In addition, we analyzed all properties in the HSC Fund to determine where PV systems would make sense and plan to implement five pilot projects. Through the future certification of properties and benchmarking of the portfolio, we will ensure that the technical aspects are analyzed, made comparable and measures initiated to reduce greenhouse gas emissions.

Our goal is to achieve climate neutrality in all our funds and investments by 2050 at the latest. To that end, our midterm goals in this area are to establish an energy management system and refine internal policies as needed.

Across all of our funds environmentally friendly energy sources account for 38% of the total



Heating system breakdown in % of rental area

- Heating oil
- Natural and liquid gas
- District heating
- Geothermal energy
- Wood-pellet burning
- Air-to-water heat pump



We aim to have a positive impact on the environment by pursuing green certification of properties.



Sustainable mobility

This encompasses factors such as property location (i.e., proximity to public transit and bikeways, walkability) as well onsite provision of electric vehicle charging stations and other environmentally friendly transportation infrastructure.

When buying or renting properties, most customers look for sustainable mobility features such as proximity to public transit, access to safe bike lanes and walkability, as well as the provision of parking, bike storage, electric vehicle charging stations and other infrastructure. Proximity to public transport in particular helps maintain property values over time. It also makes offices and homes more attractive to tenants, thereby boosting long-term occupancy rates.

When evaluating potential property acquisitions, Helvetica considers these factors of the utmost importance. Our investment strategies specifies that properties should be located within easy reach of regional and national economic centers and have good public transport connections for residential and commercial use. In addition, we refer to the databases maintained by the Federal Office for Spatial Development (ARE) to assess the quality of public transport connections.

We monitor changes in property status vis-à-vis sustainable mobility on the basis of inventory ratings prepared semiannually by an external valuation expert.

In the future, we plan to implement additional criteria for sustainable mobility in our acquisition guidelines.

Sustainable investment products

Helvetica can have a positive impact on the environment and society by ensuring — through certification and other means — that the properties that make up our funds are contributing to a greener world.

Increasingly, institutions and individuals are looking to invest in environmentally responsible funds. In the case of real estate funds, this means paying close attention to the properties underlying those investments and whether those properties are being managed with an eye to smart energy efficiency, sustainable mobility and other criteria.

Helvetica demonstrates its ambition to have a positive impact on the environment through actions such as pursuing green certification of properties (see page 56) and by managing properties with an eye to increasing energy efficiency and mitigating the impact on climate change. These initiatives help make our investment products more transparent and more easily comparable with competitive offerings.

Potential risks to future performance include unexpected expenditures due to negative impacts arising from climate change and incompatible investor expectations. Another risk is the impact of rent caps like in Basel and Geneva, aimed at ensuring that people with less buying power can live in those cities.

Responsibility for developing sustainable investment products rests with the Investment Committee and management (including the CEO). They will consult with the ESG Manager to ensure that ESG criteria are being considered when developing a new product or during the investment process. We plan to introduce GRESB benchmarking to find out how sustainable our products are at portfolio level, then we will work to improve our ratings.

At the property level, certification is the goal. As detailed in the "Looking back on 2021/22" section, we have already achieved certification of two pilot projects. By 2032, we aim to certify our entire portfolio.

Fulfilling Our Social Responsibilities

Our social materiality analysis revealed four relevant issues:

Recruitment and talent development

This topic encompasses all aspects of attracting, developing, and retaining employees, including training, coaching, feedback and career development. Cultivating a culture in which individuals are motivated to excel and do the right thing is equally important.

Helvetica is a growing, dynamic company with many opportunities for development. Our long-term success hinges on attracting and retaining top-caliber employees and fostering a company culture focused on superior performance and customer service.

Recruitment

Potential new hires are assessed by the entire management team, in terms of personal fit and attitude, while professional skills are assessed by the line manager. We have a standardized on-boarding and off-boarding process to get new hires off to a good start and to debrief outbound staff on their experiences.

Our key recruiting goal is to diversify our candidate pool so that we can hire a more even distribution of skilled, motivated people across the company. Currently, our staff comprises 17 men and 12 women.

Retention

Between 2019 and 2021, we doubled our staff size, so many of our employees are relatively new to the firm. One of our goals, therefore, is to increase the average employee tenure across all staff from 2.4 years in 2021 to five years by 2030. (The management team alone had an average tenure of 5.9 years as of 2021.) A high retention rate not only preserves institutional knowledge and ensures greater efficiency in day-to-day operations, it also contributes to a stronger sense of stability both within the firm and in our dealings with outside stakeholders.

We track employee turnover rates at the company level as well as at the department level.

Training and coaching

All Helvetica employees are eligible for company-funded job-related external training. As of end-2021, five of our employees are taking advantage of this benefit and are pursuing master's degrees or advanced studies. These programs range from half a year to two years. In 2021, the average time spent in training across all employees was 26.1 hours for women and 11.6 hours for men.

This discrepancy was largely due to the different types of programs.

Much of the learning in our firm takes place on the job, through informal coaching. Our CEO believes in coaching people to become better leaders and in building the soft skills and qualitative strengths that are rarely taught in a classroom. We encourage the development of a feedback culture in regular meetings.

Performance appraisal

All employees participate in at least one annual appraisal interview with their immediate manager. More than 90% of all employees have a target performance agreement which is evaluated in the annual appraisal interview. Leadership team members have measurable annual targets, and progress against these targets are reviewed quarterly by the CEO.

Culture

The starting point for building a shared culture is our company handbook, which describes our corporate mission, vision and values, as well as our guiding principles. This handbook will be finalized by year-end. We are very clear about our expectations for employees and what employees can expect from the company. In addition, the entire staff takes a least one company-sponsored trip a year and we host several other events for employees throughout the year.

Employee career development



3

Females

Attended further training in 2021



2

Males

Attended further training in 2021

18



Average training hours per employee

26

Average training hours per female employee



12

Average training hours per male employee



Distribution of employees



— **Women: 12**



— **Men: 17**



— **Total: 29**

12 Females

0 Females

8 Females

4 Females

16 Males

1 Males

17 Males

0 Males

Permanent
based working contract

Fixed term
based working contract

Full-time
based on employer type

Part-time
based on employer type

Employer of choice

The creation of an attractive working environment helps position Helvetica as a desirable place to build a career. Key contributors include, for example, a fair, competitive remuneration system, social benefits, flexible working models and a pleasant, motivating working atmosphere.

Helvetica aims to be an attractive employer for talented and motivated people. As one of the top investment firms in the financial and real estate market, with a solid employee value proposition, we attract great people. We offer interesting, challenging and versatile jobs; opportunities to develop personally and professionally; and the resources of a large firm coupled with the collegiality of a small one.

In terms of compensation, we have a very attractive performance-based compensation structure, in line with or above the market. Management and senior employees are eligible for a long-term incentive plan.

Additional benefits include the following:

- Flexible work environment, with a high degree of freedom and personal responsibility
- Flat team structure with a lot of interdisciplinary cooperation
- Warm and inviting offices in the heart of Zurich, with easy access to public transport
- State-of-the-art work equipment
- Free snacks, fruit, coffee, fruit juices and mineral water
- E-car, e-bike and electric scooter for free use

Over the past two years, due to the pandemic, we've seen a change in work habits. The most obvious change has been the shift to meeting online instead of in person, and more flexible working models, including the ability to work from remote locations. We are also seeing more demand for part-time positions. Although we expect greater flexibility to be part of the future work model, we still aim to build a unique company culture — one that is a key part of why people choose Helvetica over our peers.

To ensure we maintain a compelling value proposition, we plan to launch our first employee survey together with a reputable outside expert in 2022. In future years, we will determine how frequently to conduct this survey.



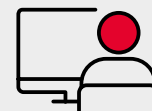
Flexible work environment



Flat team structure



Warm and inviting offices



State-of-the-art work equipment



Free snacks, coffee, juices and mineral water



Free use of e-car, e-bike and electric scooter

Long-term stakeholder relationships

Enduring relationships with tenants, investors, suppliers and other stakeholders are a hallmark of our firm. We see these relationships as an important part of our social contract.

At Helvetica, we are always focused on the long term: real estate by its nature is a long-term business, and the best relationships and best results can only be achieved through a long-term perspective. Having long-lasting, respectful stakeholder relationships strengthens trust in the firm, leading to stable earnings.

We take feedback from our investors and tenants very seriously, as these comments often yield valuable insights. For example, a large investor told us that we were not transparent enough on specific details in our reporting. This led to a rewrite of the portfolio management section of our annual report. In another example, one of our tenants, which mainly supplies restaurants, has seen its sales decline significantly as a result of the pandemic. Looking for potential savings to offset his drop in income, the tenant asked if we could reduce heating and operating costs and thus reduce his utility cost burden. We took up the request and are in the process of drawing up an operating cost reduction concept. Although we are not obligated to do so under the lease agreement, we see this as an opportunity to strengthen our long-term relationship with this tenant.

In terms of responsibilities, our Head Sales and Marketing informs the CEO about feedback from the investors on a regular basis, at least once a month. The Investor Relations Department communicates regularly with investors, and the Asset Management Department fields questions and complaints from property tenants. We are always asking questions like “What can we do better?” and “Where did we go wrong?” When faced with negative feedback, we have a “whatever it takes” mentality and always try to find a mutually satisfying solution.

In the past, we organized several investor events to bring investors together and get to know them and their needs better. Unfortunately, this was not possible in 2020-21 due to the pandemic. Our goal is to resume these types of events when it is safe to do so.

Community engagement

This part refers to initiatives that strengthen our relationships with our local communities and promote local development. Such initiatives may include philanthropic donations and employee volunteering, as well as charitable donations outside the company's own operations.

Though we are a relatively small firm, we want to support our local community as our capacity grows. Our employees and other stakeholders live in this region, and we ought to give back to society in exchange for having the opportunity to run our business here.

We always try to buy goods and services locally. For example, we contracted out carpentry work to the Bühl Foundation. This Foundation is committed to helping kids with disabilities lead as independent a life as possible, to integrate themselves professionally and socially. We also purchase company gifts from charitable organizations such as the Epilepsy Foundation Switzerland, Brändi Foundation and others.

In the coming years, we aspire to do much more than that. For example, we will develop a formal philanthropic strategy as well as an employee volunteer program.





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Real estate is a long-term business, and we bring that long-term perspective to all of our relationships — with customers, employees and our communities.



Building Trust Through Good Governance

Through our governance materiality analysis, we identified five relevant issues:

Long-term responsible ownership

means we commit to being actively engaged in our investments in order to be able to produce an attractive long-term, risk-adjusted return.

As described earlier in this report, long-term thinking is at the heart of our business success. We think in generations, not years, with the aim of growing and sustaining wealth for our clients. Our longstanding industry experience has taught us that the best-performing real estate investments are perpetual, with no set maturity date. This is also the nature of the real estate asset class.

We have always aligned our firm's interests with those of our investors by co-investing in our funds along our investors. In 2023, we will introduce a formal policy that spells this out in writing, thereby assuring investors of our complete faith in the quality of our products and services.

Our investment management policy lays out a disciplined investment process and calls for a combination of top-down and bottom-up research and market monitoring. Helvetica's board of directors is responsible for approving the policy, and the Chief Executive Officer and Chief Investment Officer are responsible for implementation.

Responsible leadership of our firm

This section refers to the internal rules, governance structures, processes and innovative values that lead to fairness, transparency and accountability. These factors ensure our long-term interests and positively influence value creation for all stakeholders.

Responsible ownership starts with responsible leadership — a well-respected top management team, a stable firm structure and a culture that creates trust. Our stakeholders expect us to uphold our values and principles, always keeping our word.

The people responsible for leading Helvetica are the CEO, Chief Financial Officer, Chief Investment Officer, Head of Portfolio Management and Head of Sales and Marketing. Our expectations are clearly articulated through a frame-

work of regulations, processes and handbooks, and inculcated through regular management meetings.

An annual regulatory audit reviews the existing framework and analyzes it for gaps and weaknesses. In this way, the framework is continuously updated and improved in light of current investment conditions.

Based on our assessment, our existing policy and process framework are of high quality, but there is potential for improving the clarity and simplicity, so each employee knows what his or her rights and obligations are. Specifically, we intend to

- Revise and improve the firm's policy framework
- Standardize processes, key performance indicators (KPIs) and definitions to ensure transparency and efficiency across departments
- Add a section about culture and desired behaviors to the employee handbook
- Review the process landscape and align checklists with any changes in policy

Rigorous risk culture

Through careful management of both financial and non-financial risks, we ensure greater resilience for our firm, our business model and the assets we own and are entrusted to protect.

Helvetica maintains a strict risk culture throughout the entire value chain, with particular emphasis placed on investments and divestments. To manage overall portfolio risk, we diversify our investments by usage, tenant structure, size, quality and location. A clearly defined and well-documented due diligence and acquisition process, coupled with a detailed, objective property analysis, ensure that Helvetica remains focused on our clients' long-term interests and the security of their investments.

Our investment culture is characterized by a long-term approach that identifies opportunities at the right time and weighs the potential and risks in order to generate an investment return that is commensurate with the risk. We always look critically at the business from all possible



A low-angle, upward-looking photograph of a modern skyscraper with a glass facade. The building's lines converge towards the top of the frame. In the foreground, there are lush green trees and bushes, partially obscuring the lower part of the building. The sky is a clear, bright blue.

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**We at Helvetica
rely on the highest
standards of
governance as
responsible
stewards of our
Investors' assets.**

angles and are constantly looking for the Achilles' heel in each investment.

Regardless of seniority, every employee is expected to act like an owner of the firm. This means that integrity and accountability guide every decision we make. We require quarterly risk reporting to executive management and the Board of Directors. KPIs are tracked and reviewed at regular executive management meetings, reported to the Board and used to measure employee performance. Lastly, the firm undergoes an annual audit by our external auditor, PwC, which includes an examination of risk.

Going forward, we can improve on these systems by making it clearer how we manage risk in practice. We intend to simplify the language in our investment and other policies to make it less legalistic and easy for everyone from interns on up to understand potential pain points.

Sustainability benchmarking

This section refers to the certifications that have been or will be awarded to Helvetica's portfolios and individual properties, allowing us to make transparent claims about a property's sustainability performance, which can also be compared to other properties and peers.

Our investors are demanding more proof of sustainability, and this factor is gaining increasing weight in investment decisions. In the future, tenants too will likely demand greater evidence of property sustainability. In the short term, the labeling of properties imposes additional costs, which can reduce investment performance but can also lead to positive market value change.

This issue influences the entire real estate investment value chain, but mainly in the transaction phase, the construction and development phase and the portfolio management phase.

Proposals to pursue sustainability labels must be initiated by the CEO, supported by the entire management body and then presented to the Board of Directors for approval. Decisions are then communicated to the employees so that the strategy can be implemented accordingly.

We intend to pursue certification of a growing number of properties, with the ultimate goal being full certification of

all portfolios. So far, we have pilot certified two of our 93 properties, so we have a long way to go on this issue.

In evaluating real estate certification systems, our ambition is to adopt property standards that meet the following criteria:

- Have a good reputation in the market
- Are peer comparable
- Clear proposals for improvement and quantitative KPIs
- Require reasonable initial setup costs and ongoing-costs.

We have set a timeline for implementation of sustainability benchmarking (see table on pages 57-58).

Transparent investor dialogue

Open and clear communication ensures alignment between our firm's interests and those of our investors, leading to collaborative partnerships that contribute to long-term success.

Trust demands transparency, particularly when it comes to investor communications. We are convinced that greater transparency increases investor confidence, particularly for institutional investors.

In the spirit of transparency, we prepare full investor reports twice a year and publish fact sheets on each of our funds and investments four times a year. These are complemented by regular communication in the form of media releases and newsletters.

Our management team is available to investors at all times. Our in-house Investor Relations Department maintains client relationships and seeks regular feedback from investors. Any suggestions for improvement are presented at the management meeting and reported directly to the CEO. Our CEO is especially interested in critical or negative feedback.

We are working to create even greater transparency in our communications by publishing this first-ever ESG report and by providing more details on our sustainability approach. We also are shortening the communications cycle. For example, we recently published our annual financial fund reports for 2021 by mid-March 2022, two weeks earlier than in past years. Going forward our ambition is to publish in average 60 days after fiscal year-end.

Summary of Goals and Timeline

Section	Materiality Analysis	Goals	Target Year	Ongoing	
What Economic Responsibility Means to Us (E-)	Customer-oriented products and services	Conduct service provider survey	2023	■	
		Implement formal product development process	2024	■	
		Conduct tenant survey	2023	■	
	Sustainable investment return	Sustain performance at minimum of 2% above yield on 10-year government bonds to investors		■	
	Corporate economic success	Being profitable and be able to grow and operate the firm soundly for future growth		■	
		Further institutionalize fund reporting to investors		■	
		Further reduce funds costs relative to peers		■	
		Helvetica's shareholders to receive annual financial statements based on Swiss Gaap FER		■	
	Ensuring a Greener Environment (E-)	Smart energy efficiency	Embed ESG criteria in policies guiding investments in new properties, existing properties and renovation projects	2024	■
			Report fuel consumption breakdown from renewable and nonrenewable sources across our real estate portfolios		■
Report energy consumption resulting from conservation and efficiency initiatives				■	
Increase share of renewable energy sources				■	
Develop CO ₂ reduction path for all properties and portfolios			2025		
Install environmental measuring systems in all properties			2030		
Climate change mitigation		Reduce greenhouse gas emissions		■	
		Implement energy management system	2025		
		Achieve climate neutrality at the latest	2050		
Sustainable mobility		Implement additional mobility criteria in acquisition guidelines		■	
Sustainable investment products		Use GRESB benchmarking to measure the sustainability of our funds	2026	■	
		Ensure ESG compliance through active participation by ESG Manager in investment committee discussions		■	
		Certify all properties	2032		

Section	Materiality Analysis	Goals	Target Year	Ongoing
Fulfilling Our Social Responsibilities (S-)	Recruitment and talent development	Diversify candidate pool and achieve a more even gender distribution across the company		■
		Increase average employee tenure to five years	2030	
	Employer of choice	Build unique company culture that helps attract and retain the best talent		■
		Launch first employee survey together with a reputable outside expert	2022	
		Conduct employee survey on a regular basis in subsequent years		■
	Long-term stakeholder relationships	Resume holding investor events	2022	■
Community engagement	Develop philanthropic strategy, including employee volunteer program	2026		
Building Trust Through Good Governance (G-)	Long-term responsible ownership	Introduce formal policy fully aligning our interests with those of our fund investors	2023	
	Responsible leadership of our firm	Clarify, simplify and standardize policy and process framework further	2024	
	Rigorous risk culture	Making it clearer how we manage risk in practice by simplifying policy language	2025	
	Sustainability benchmarking	Evaluate and select certification label for new construction	2025	
		Create and publish annual GRI transparency report at the latest	2025	■
		Create and publish annual report to PRI	2024	■
		Benchmark portfolios according to GRESB	2026	■
	Transparent investor dialogue	Evaluate and select real estate certification system(s) for existing portfolio	2025	
Publish ESG Report on regular basis		2023	■	
	Shorten annual investor reporting to average 60 days after fiscal year-end	2025		

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We at Helvetica are eager to find new ways to effect positive, long-lasting change for future generations.





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