

Sustainability Report 2020

Vita Collective Foundation

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Vita Collective Foundation Sustainability Commitment 2020



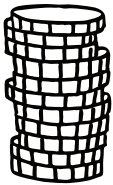
623

Shareholders' meetings,
at which Vita has voted



100%

responsible investing,
as all asset managers have
signed the UN PRI.

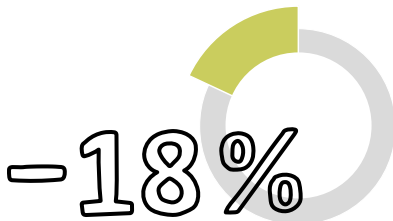
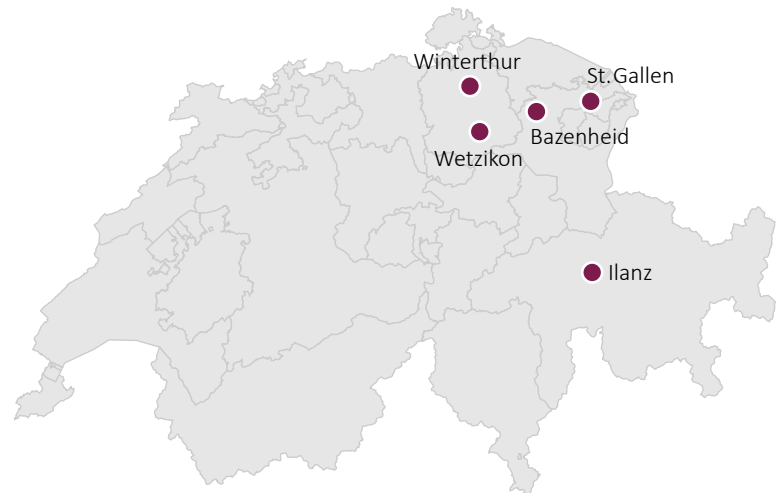


200 m

francs investment volume
in the investment group
"Senior Housing"

5

Projects planned or implemented
to promote inter-generational
and demand-oriented housing for
post-retirement



Energy consumption
between 2010 and 2017
in the investment category
Real Estate Switzerland

-22%

CO₂ emissions
in the investment
category Real Estate
Switzerland since 2010



General

Vita began focusing on sustainability at an early stage.

As one of the largest semi-autonomous collective and community institutions in Switzerland, the Vita Collective Foundation (hereinafter referred to as Vita) is driven by its vision of ensuring a carefree financial future for its insured. Hence Vita devotes itself in a responsible manner to balanced and secure occupational retirement provision – for current and future generations.

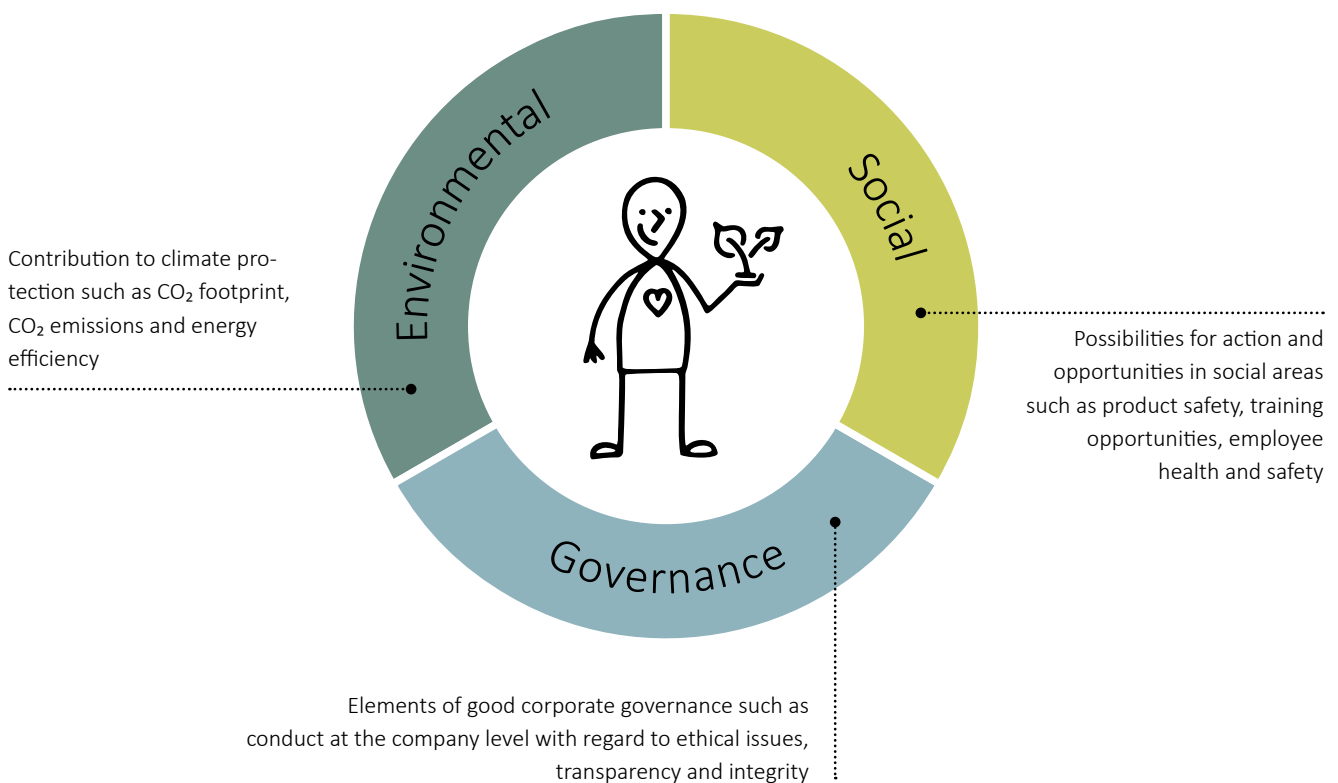
In order to generate the necessary investment income, Vita invests with a long-term focus. One aim in this regard is to have a positive impact on society. Responsible investing is an important pillar of the investment strategy and Vita invests specifically in investments with a positive impact (impact investing). When implementing the investment processes, explicit consideration is given to environmental (E), social (S) and governance (G) aspects. Vita pursues a positive sustainability approach and manages its portfolio accordingly. Portfolio risks are avoided through risk

management and, where necessary, specific dialog is conducted with the companies in which investments are made as part of the active engagement process.

Vita began focusing on responsible investing at an early stage and incorporated sustainability considerations into its investment decisions. As early as 2010, it set itself a CO₂ reduction target for the investment category Swiss Real Estate. It has been actively exercising voting rights since 2011 and has been ascertaining the portfolio's carbon footprint since 2017. In 2020, Vita developed ESG principles for the first time, which serve as a guide for implementing the investment strategy. Vita works continuously on the topic of sustainability: It plans to integrate ESG considerations even more effectively into investment analyses, strategies and portfolio construction processes in the future. The targets for the sustainability strategy and their execution are set gradually and are implemented across all asset classes.

What does ESG mean?

The environmental, social and governance criteria are yardsticks for a company's operational activities.



1

Principles of sustainability

The ESG principles serve as a guide for the implementation of the investment strategy.

1. Long-term investments

Vita's vision is to provide a carefree financial future for all its insured. It invests sustainably with a long-term focus and delivers on its financial promises.

2. Responsible risk management

Vita actively fulfills its duty of care and takes both financial and sustainability criteria into account when making decisions. These are integrated into risk management, which creates long-term added value.

3. Holistic implementation

Vita pursues the objective of integrating sustainability into all operational projects and initiatives. It takes sustainability criteria into account across all asset classes when implementing its investment strategy.

4. Active engagement

Vita exercises voting rights as a shareholder in both Switzerland and abroad. If a company violates internationally recognized standards, Vita enters into a dialog with it. If this exchange remains unsuccessful, Vita considers exclusion.

5. Impact-oriented investment

Vita invests part of its assets in the environment, society and infrastructure with an emphasis on creating an impact (impact investing). The topics of climate change and demographic development take center stage here.

6. Future-oriented goals

Vita sets itself measurable targets and reports the degree to which they have been achieved to the insured in a transparent manner. Its investment decisions are well-founded and based on high-quality data.

7. Cooperation and exchange

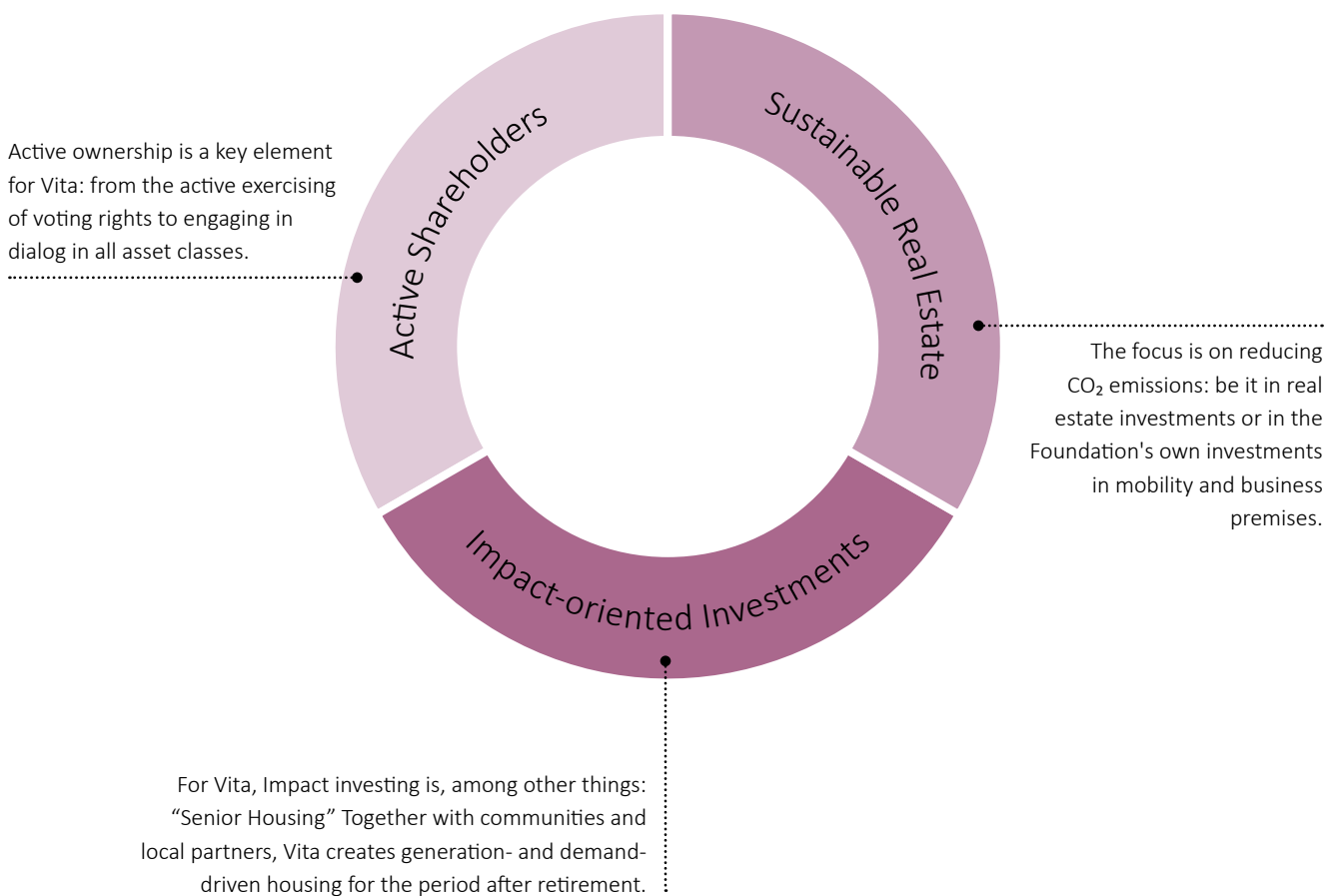
Vita is committed to the United Nations Principles for Responsible Investment (UN PRI) and seeks exchange and cooperation with various organizations and investors in the field of sustainability.

2

Three essential pillars

Vita's sustainability commitment is based on three pillars.

In the area of sustainability, Vita currently focuses on three areas of activity. It engages as an active shareholder, makes impact-oriented investments and invests in sustainable real estate.



2.1

Active shareholders

Vita sets great store on good corporate governance and is committed to the highest standards of integrity and transparency. Be it in its own corporate governance (detailed information on which can be found in the Governance Report) or in its investments in companies. In the area of investments, this means continuously monitoring the portfolio.

Exercise of voting rights and active dialog

With the support of Institutional Shareholder Services (ISS), Vita exercises shareholder voting rights in Switzerland and abroad effectively and always in the interests of the insured.

- For example, the remuneration of the Executive Management and the Board of Directors should always be appropriate and disclosed, transparency with regard to different mandates should be maintained and double mandates should be excluded as far as possible.
- The investment regulations include the principle of taking sustainability criteria into account when exercising voting rights and not voting exclusively according to the recommendations of management.

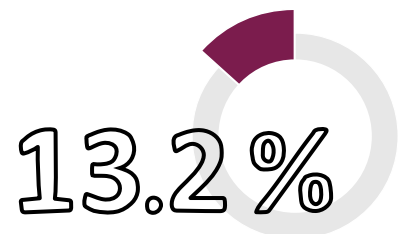
- Vita makes a comprehensive report on the voting rights it exercises in national and international companies available publicly on the website vita.ch.
- Vita maintains an active dialog with its asset managers, all of whom are UN PRI-certified. To create the greatest added value for the insured, Vita does not limit itself to exclusion rules, but actively supports companies in their transition to sustainable business models.
- Vita does not invest in controversial weapons and nuclear weapons – these are excluded from the portfolio. Vita is guided in this regard by the exclusion list of the Swiss Association for Responsible Investment (SVVK-ASIR). Since 2014, it no longer directly invests in commodities and investments in futures on oil or gas, and agricultural products are excluded.



Exercise of voting rights 2020

9521

submitted applications,
for which Vita voted



of the votes cast were directed
against management's proposals.

623

Shareholders' meetings
at which Vita voted

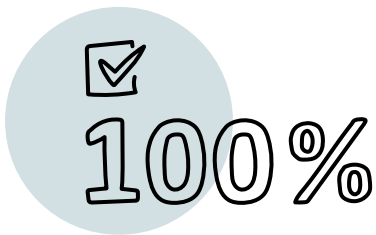
Integration into the investment process

- Vita monitors asset managers with regard to their sustainability and thus ensures that sustainability criteria are consistently observed in the investment process.
- All of Vita's asset managers are actively involved.

For example, Schroder met with an industrial company to discuss corporate governance. Its products are made from recycled material and can be fully recycled themselves, but the company could do better in terms of independent governance. Schroder addressed this issue and will continue to monitor the situation. Discussions were also held with a service company. The company announced plans to become carbon-neutral by 2030 and significantly increase diversity in management over the next five years. Another example: Wellington has been working with an energy company to create a new long-term plan to reduce emissions. The updated climate report will be published in the second half of 2021. Wellington will reassess its climate commitment then.

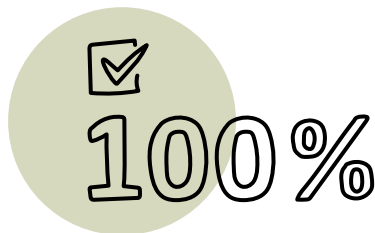
Memberships

- Vita is committed to the collaborative promotion of sustainable development and participates in various cooperations to further develop responsible investing.
- Since 2020, Vita has been a member of Swiss Sustainable Finance (SSF) and has signed the United Nations Principles for Responsible Investment (UN PRI). In signing, Vita has underscored the fact that sustainability criteria play a key role in its investment process.
 - By signing the UN PRI, pension funds and asset managers are committing to expand their governance and investment strategy to include ESG factors and report on how they actually implement them.
 - The memberships and the close cooperation with Zurich Insurance Company Ltd gives Vita access to in-depth ESG knowledge and valuable knowledge transfer.



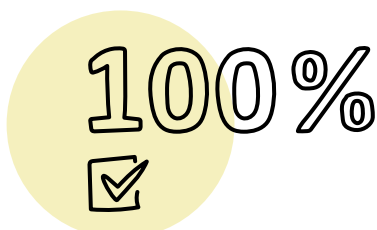
Responsible investing

All asset managers have signed the UN PRI.



Active engagement

All asset managers actively engage with the companies they invest in.

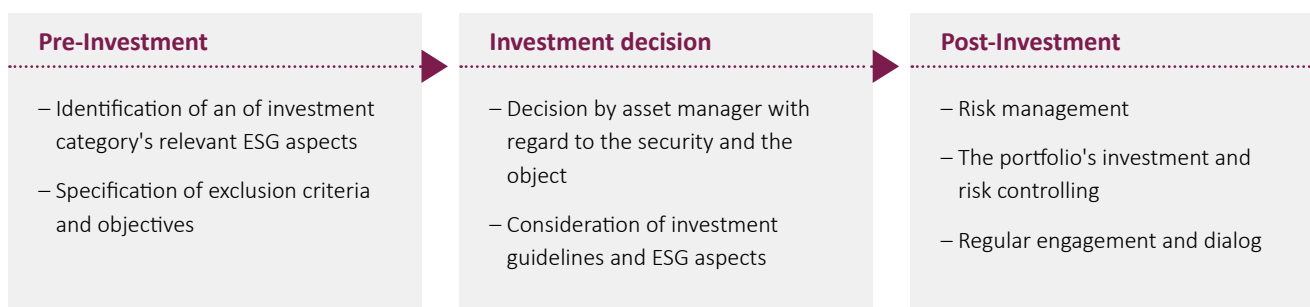


ESG in the investment process

All equity and bond managers apply sustainability criteria in their investment process (traditional investment categories).

Responsible risk management

Risk management plays an important role in the investment process. The key stages with regard to ESG can be outlined in the investment process as follows:



– The investment process is finalized with risk management. At the same time, it is a control instrument that provides valuable experience and information for ultimately setting the right targets.

– One of the most important tools of a pension fund's risk management is investment controlling. This offers an overview of all relevant measurement parameters from an investment perspective. Vita goes beyond the ordinary financial metrics and integrates ESG aspects into investment controlling. It carries out a quarterly review of portfolio items for their adherence with ESG criteria. A score is calculated for each item as well as for the overall portfolio. This allows Vita to assess more precisely whether the ESG rating of the entire portfolio falls within a specified range and whether sanctions lists are being enforced. This allows deviations to be identified at an early stage and the dialog with the concerned asset managers to be conducted faster and in a more targeted manner.

– Dialog with asset managers is carried out on a regular basis in a point-by-point and systematic manner. ESG criteria are integrated into asset-manager controlling. Progress with regard to ESG is addressed on an annual basis. Asset managers are challenged on individual items in the portfolio and the progress of the overall portfolio is closely tracked. In addition, ESG progress is reviewed via an annual systematic survey.

– Vita measures its carbon footprint on a quarterly basis. This is closely monitored and progress is documented. In 2021, Vita will be looking at specific targets and measures for CO₂ reduction. These are quantified and subsequently published.

– Another important aspect of risk management is the expansion of Ultimate Parent analyses. These analyses include all investments that Vita holds in a company. This allows Vita to capture the entire outstanding due amount from a party, which enables a comprehensive assessment of the risk.

2.2 Sustainable real estate

The real estate industry is one of the main contributors to climate change and resource scarcity. A large proportion of CO₂ emissions are attributable to real estate. According to the FOEN's greenhouse gas inventory, CO₂ emissions from Switzerland's building stock currently account for just over a quarter of total CO₂ emissions in Switzerland. The levers for improvement include: sustainable construction and management, as well as targeted investments in properties that meet high sustainability standards. Active management of energy consumption and greenhouse gas emissions is an essential component of responsible asset and building management. Vita also focuses on continuously and sustainably reducing CO₂ emissions: be it in domestic and foreign real estate investments or the company's own business premises.

Vita is located in one of the three most sustainable high-rise buildings in Europe. Thanks to water-saving fittings and a 100,000-liter rainwater tank for flushing toilets, up to 40% of drinking water can be saved throughout the building. Absorber technology converts district heating into cooling and supplies the hybrid cooling ceilings installed in the rooms. Vita's commitment to CO₂ reduction runs through all areas: Among other things, Vita uses hybrid vehicles and offsets CO₂ emissions by participating in the Clean Advantage™ sustainability program.



100%

Hybrids on the road

According to the Clean Advantage™ E-certificate, 162.5 kg of CO₂ emissions were saved.

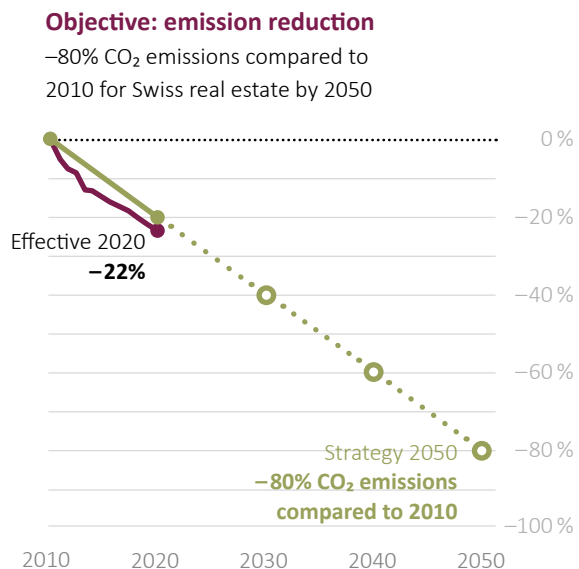
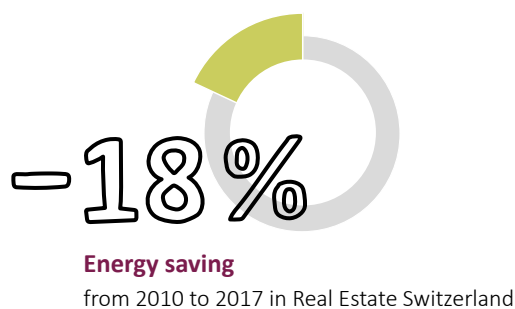
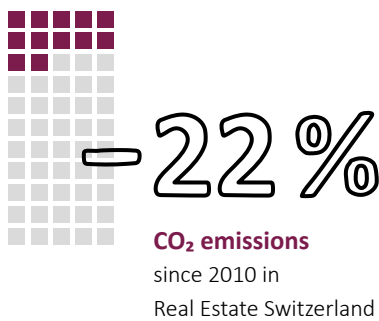
Real Estate Switzerland on course

Vita aims for a positive impact in the investment category Real Estate Switzerland.

- Since 2010, CO₂ emissions were substantially reduced by 22%, thus surpassing the target of –20% by 2020.
- Monitoring forms an essential element of this: Vita uses specific software to determine the carbon footprint of its entire real estate portfolio.
- Vita is also on course to save energy: Energy consumption in Switzerland's real estate sector fell by around 18% between 2010 and 2017.

Real Estate Europe Direct (IED) follows global standards

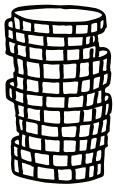
The Real Estate Europe Direct (IED) investment group is managed by the portfolio manager Schroder Real Estate. Schroder Real Estate has been participating in the Global Real Estate Sustainability Benchmark (GRESB), the dominant global standard for assessing the environmental, social and governance (ESG) performance of real estate funds and companies, since 2011. In 2020, the fund achieved a score of 79 out of 100, earning it four-star status (out of five stars) and a Green Star rating. In September 2019, Schroder joined the Better Buildings Partnership (BBP) in order to sign the Climate Change Commitment and published the Pathway to Net Zero Carbon in December 2020. This includes a commitment to become net zero carbon by 2050 or earlier – which is in line with the Paris Agreement – in order to limit global warming to 1.5 °C. Net zero carbon is the natural next step. During 2021, new energy and carbon targets will be set at the fund level.



2.3 Impact-oriented investments

Vita makes direct investments and deliberately invests in companies and projects with a positive ESG impact. The long-term focus of real estate investing is on investments in retirement and generational housing. In doing so, Vita is assuming social responsibility and is committed to the development and design of future living spaces beyond its core business of occupational retirement provision. To achieve this, it works together with Swiss municipalities and local partners, thus strengthening communal old-age policy and regional value creation.

With strategic investments in the investment group “Senior Housing”, Vita is promoting generational- and demand-oriented housing for the period after retirement. Vita pays attention to ecological sustainability in its construction methods. In 2020, three new projects were acquired – in St. Gallen, Wetzikon and Winterthur. The portfolio currently comprises five projects with a total of 311 residential units and an investment volume of around CHF 200 million. The first project in Bazenheid has been successfully completed and the residential units were handed over to the residents. The project in Ilanz is in the shell stage.



200 m

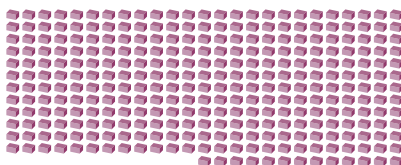
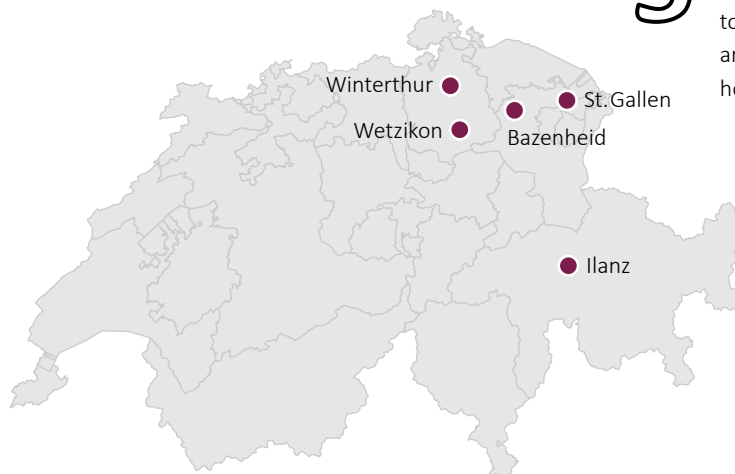
francs investment volume

in the investment group
“Senior Housing”

5

**Projects planned or
implemented**

to promote inter-generational
and demand-oriented
housing for post-retirement



313

Residential units

completed by Vita together with
communities and local partners

Vita Collective Foundation

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