

Sustainability Report 2022

Vita Collective Foundation

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Vita Collective Foundation Sustainability commitment 2022



The Vita Collective Foundation
voted at

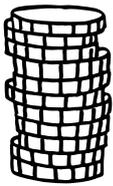
4,261

shareholders' meetings.



responsible investing

Since all investment managers have signed the UN Principles for Responsible Investment (UN PRI), we have 100 percent responsible investing.



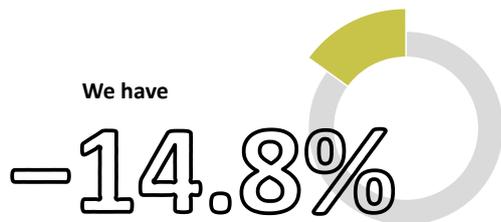
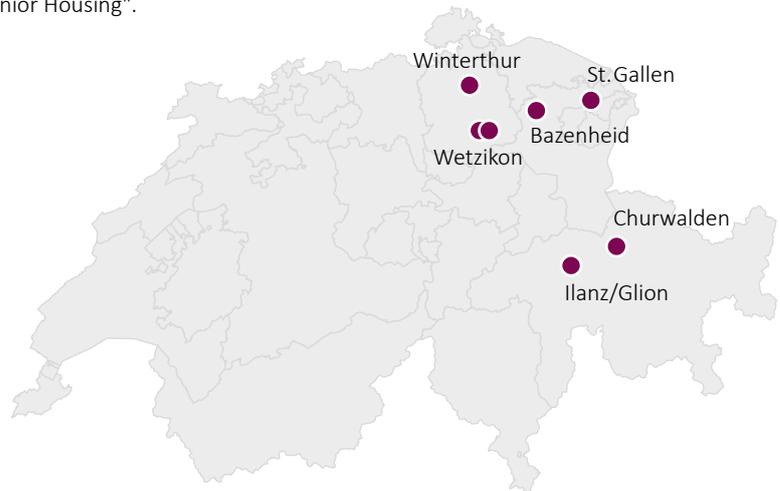
We have
CHF 230 million

of investment volume
in the investment group "Senior Housing".

7

projects planned or implemented

There are seven projects planned or implemented to promote attractive, future-oriented housing and living spaces for growing old without any worries.



We have

-14.8%

weighted average CO₂ intensity

The weighted average CO₂ intensity of the Vita Collective Foundation's equity portfolio has been reduced by 14.8 percent since the base year 2019.



We have had

-28.7%

CO₂ emissions

in the investment category
Real Estate Switzerland
since 2010.

General

The Vita Collective Foundation began focusing on sustainability at an early stage.

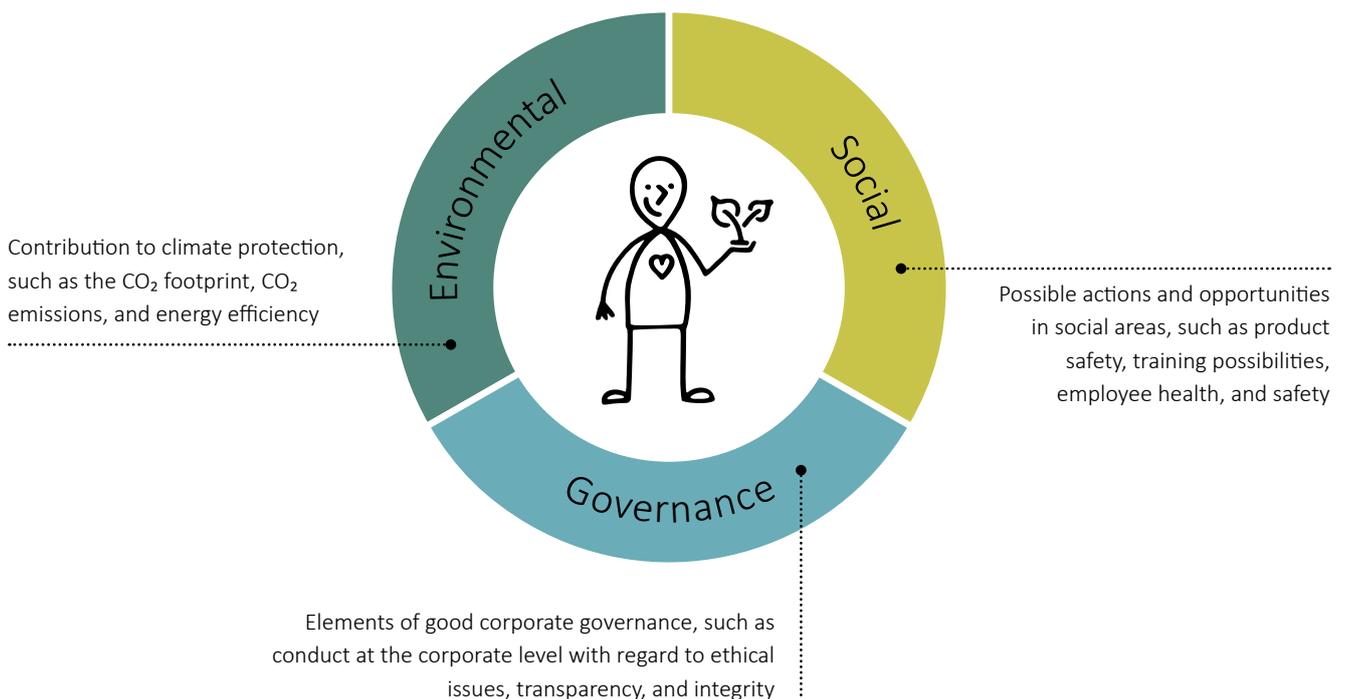
As one of the largest semi-autonomous joint and collective foundations in Switzerland, we work to ensure the fair and balanced distribution of retirement benefits and to gradually reduce solidarities not envisaged by the system to a minimum: to provide a carefree financial future for the beneficiaries.

In order to generate the necessary investment income, we invest with a long-term focus. We want to achieve a positive impact on society through our actions. Responsible investing is therefore an important pillar of our investment strategy. We invest specifically in assets with a positive impact ("impact investing"). When implementing the investment processes, explicit consideration is given to environmental (E), social (S) and governance (G) aspects. The Vita Collective Foundation pursues a positive sustainability approach and manages its portfolio accordingly. Portfolio risks are avoided by risk management and, where necessary, specific dialog is conducted with the companies in which investments are made as part of the active engagement process.

The Vita Collective Foundation began focusing on responsible investing at an early stage and incorporated sustainability considerations into its investment decisions. As early as 2010, we set ourselves a CO₂ reduction target for the investment category Swiss Real Estate. We have actively exercised our voting rights since 2011, and we have calculated the environmental footprint of our portfolio since 2017. In 2020, the Vita Collective Foundation developed ESG principles for the first time, which serve as guiding principles in the implementation of the investment strategy. And we are continuously working to become even more sustainable: at the start of 2022, we established exclusion criteria for coal and oil and implemented these during the year for equities and alternative investments. The investment strategy was expanded by green bonds – in the year under review, we invested CHF 390 million. To provide additional support for our engagement activities, in spring 2023 we reinforced our voting right principles with a focus on sustainability aspects.

What does ESG mean?

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



Highlights of the year

We invest the investment capital in a sustainable way. In 2022, the Vita Collective Foundation invested in green bonds for the first time, opened its multi-generation housing project in Ilanz/Glion, and implemented new decarbonization measures.

Impact Investing

February

In 2022, the Vita Collective Foundation systematically added green bonds to its investment categories. In this way, it supports projects with a positive impact on sustainable development. In the year under review, the foundation invested CHF 390 million in green bonds.

www.vita.ch/sustainable-investments



Decarbonization

April

In 2022, the Vita Collective Foundation decided to exclude companies that generate more than 30 percent of their revenue or electricity with coal from its equity investments and alternative investments. In this way, the foundation makes an additional contribution to decarbonization.



Senior housing

June

In Ilanz/Glion (GR), the Vita Collective Foundation invested CHF 43 million in a lighthouse project for multi-generation housing in combination with assisted living. Residenza St. Joseph was opened in 2022 and handed over to its residents.

www.vita.ch/seniorhousing

Governance

September

The Vita Collective Foundation places great emphasis on responsible corporate governance and is convinced that structured risk management is a must. Its software-based risk management system goes beyond regulatory requirements.

For details, refer to the governance report.



Commitment

December

The commitment of the Vita Collective Foundation takes place through multiple channels. In 2022, it implemented additional processes in the context of its memberships. Meanwhile, the foundation is in dialog with companies that are responsible for 48.5 percent of the carbon emissions of its equity portfolio.

Investment strategy

December

The stock market year 2022 was extremely challenging: inflation pressure, rising interest rates, and geopolitical uncertainties caused slumps in virtually all investment categories. The Vita Collective Foundation thus closed the financial year with an investment performance of -9.8 percent.

For details, refer to the annual report.

1

Principles of sustainability

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

1. Long-term investments

The vision of the Vita Collective Foundation is to provide a carefree financial future for all its insured persons. It invests sustainably with a long-term focus and delivers on its financial promises.

2. Responsible risk management

The Vita Collective Foundation actively performs its due diligence 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

The Vita Collective Foundation 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

As a shareholder, the Vita Collective Foundation exercises its voting rights in Switzerland and abroad. If a company violates recognized standards, we enter into a dialog with it. If this interaction remains unsuccessful, we consider an exclusion.

5. Impact-oriented investment

The Vita Collective Foundation 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

The Vita Collective Foundation 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 interaction

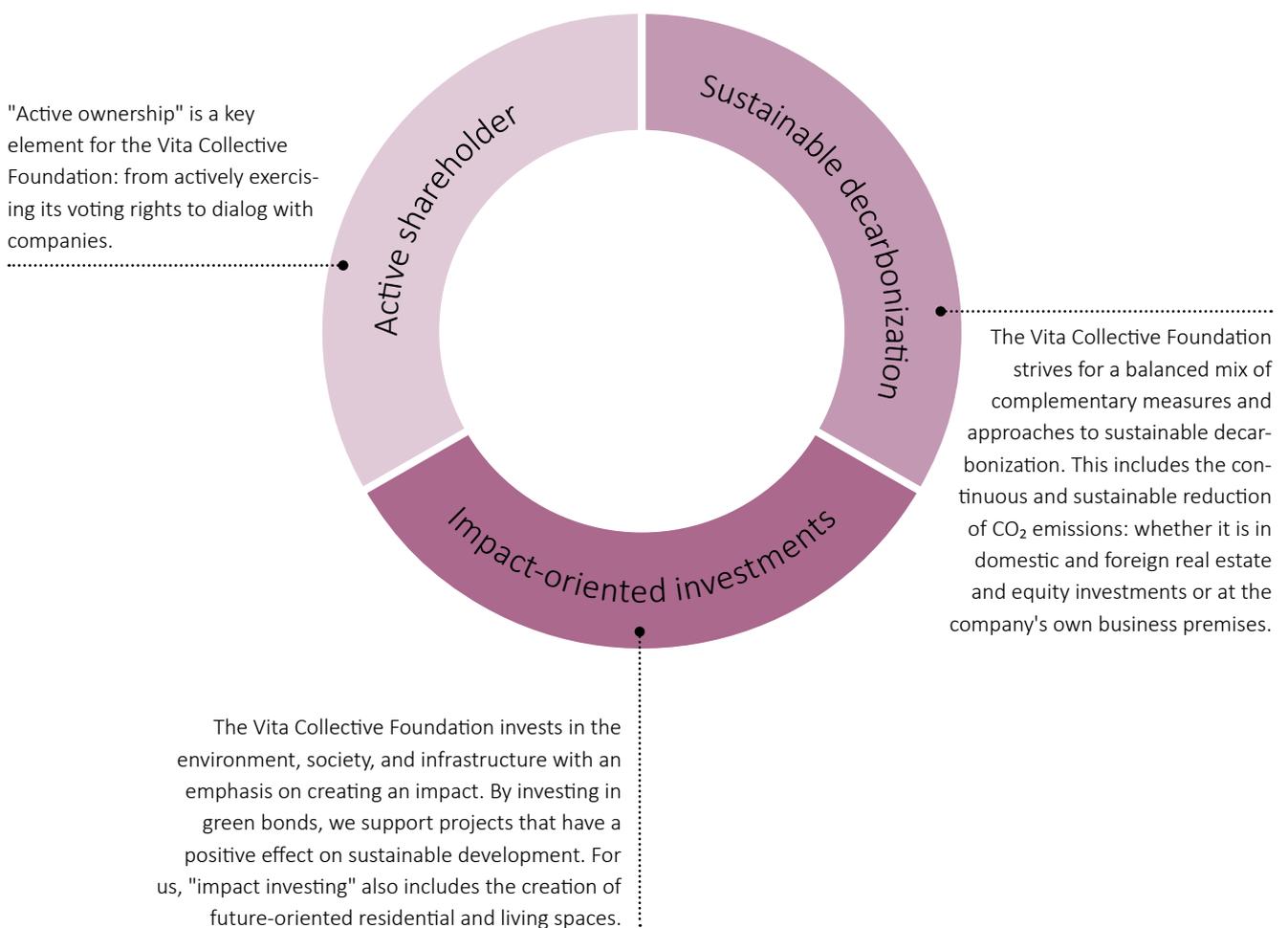
The Vita Collective Foundation is committed to the United Nations Principles for Responsible Investment (UN PRI) and seeks interaction and cooperation with various organizations and investors in the field of sustainability.

2

Three essential pillars

The sustainability commitment is based on three pillars.

In the area of sustainability, the Vita Collective Foundation currently focuses on three areas of activity. It is actively involved as a shareholder, making impact-oriented investments in the sustainable decarbonization of the economy.



2.1 Active shareholder

The Vita Collective Foundation puts a high value on good corporate governance that reflects the highest standards of integrity and transparency in its own corporate governance (detailed information on which can be found in the Governance Report) as well as its investments in companies. In the area of investments, this means continuously monitoring the portfolio.

Exercising of voting rights

With the support of Institutional Shareholder Services (ISS), we exercise shareholder voting rights in Switzerland and abroad 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 much 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.

- Measured by invested equity capital, in 2022 we exercised our voting rights at over 80 percent of companies in Switzerland and abroad.
- We make a comprehensive report on the voting rights we exercise in national and international companies, which is publicly available on the website vita.ch.
- We have an active dialog with our investment managers, who are all part of the "UN PRI" network. To create the greatest added value for the insured, we do not limit ourselves to exclusion rules, but actively support companies in their transition to sustainable business models.

From the financial year 2023, we will focus more strongly on climate and labor law issues when voting, based on our value-based, customized voting rights policy. The voting rights policy that has been created contains fundamental principles – for instance, on the independence of the Board of Directors, diversity in the Executive Board, ESG risk management, auditing, the remuneration of managers, and on transparency and disclosure, particularly with respect to environmental and sustainability issues.



Exercising of voting rights 2022

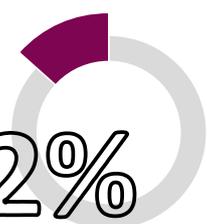
There were

47,022

submitted motions on which the Vita Collective Foundation voted.

4,261

The Vita Collective Foundation voted at 4,261 shareholders' meetings.



13.2%

of our votes cast were directed against the motions of the management.

Active dialog

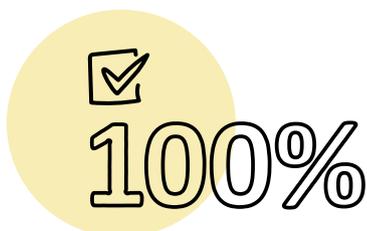
We practice commitment through four channels. In 2021, we joined ISS's Engagement Pool, seeking direct dialog with companies on sustainability issues. Other channels include our membership in the investor-led "Climate Action 100+" initiative, the engagement of our external investment managers, and the collaborative Climate Action engagement with the Zurich Group.

The focus of our engagement is on corporate governance, climate change, and demographic development. In view of the advance of climate change, our sustainability dialog focuses on the climate-intensive sectors of raw materials, energy, and supply. As an active shareholder, it is important to us to persuade companies to ensure the environmental compatibility of their operations or to change their behavior. We are convinced that it is more effective to trigger positive development than to categorically exclude companies. We only implement security exclusions if continuous dialog and the exercising of voting rights have not led to any change or if the companies are unable to refrain from controversial activities due to their primary business model.

– In 2022, we participated in a dialog with 174 companies via our engagement channels that had contravened standards in the areas of corruption, the environment, and labor law. We are in a dialog with companies that are responsible for 48.5 percent of the emissions in our equity portfolio.

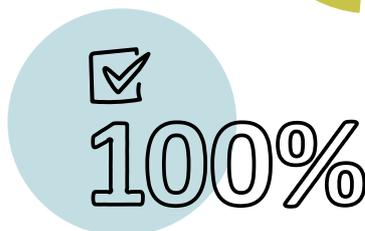
Integration into the investment process

- The Vita Collective Foundation monitors investment managers with regard to their sustainability, and thus ensures that sustainability criteria are consistently observed in the investment process.
- We do not invest in controversial weapons and nuclear weapons – we exclude them from our portfolio. We are guided by the exclusion list of the Swiss Association for Responsible Investments (SVVK-ASIR) and the UN Global Compact principles for controversial weapons. We have not invested directly in commodities since 2014. In addition, we exclude investments in futures on oil, gas, and agricultural products.
- In the first quarter of 2022, we decided to exclude companies from our equities and alternative investments if they generate more than 30 percent of their turnover through the mining of thermal coal, mine more than 20 million metric tons of thermal coal per year, generate more than 30 percent of their power from coal, or are in the process of developing new infrastructure projects for coal mining or coal power generation. We have also set out similar exclusion criteria for the extraction of oil from oil sand and the mining of oil shale. We are convinced that we are contributing to the decarbonization of the energy sector in this way.
- All of the Vita Collective Foundation investment managers are actively involved.



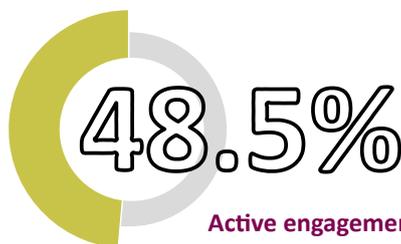
ESG in the investment process

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



Responsible investing

All investment managers have signed the UN PRI.



Active engagement

We are in a dialog with companies that are responsible for 48.5 percent of the CO₂ emissions of our equity portfolio.

For instance, Fisher initiated a dialog with a company from the online mail-order industry to discuss the general sustainability strategy of the company. The goal is to understand the company's climate strategy and learn more about the programs relating to the use of packaging and plastics, the well-being of employees and corporate governance. In 2021, the company undertook to achieve operational carbon neutrality by 2030 and is targeting decarbonization amounting to 1.5 gigatons across its entire ecosystem. To this end, the company is realizing electrification and efficiency increases in all business areas, including the electrification of vehicles for the last mile and long-distance travel, the installation of solar cells, and a focus on the recycling of packaging and plastics. The aim of the strategy that has been introduced is to reduce greenhouse gas emissions considerably by 2023. The compensation program for managers still does not include ESG-related key performance indicators.

Schroders has been in talks regarding ESG with a multinational semiconductor manufacturer since 2020. The focus of the discussions continues to be various governance topics. One key success resulting from the engagement was that the former CFO was not proposed for board membership (without a cooling-off period) at the general meeting in 2022. In addition, there have been improvements in financial reporting and advances in integration projects.

Memberships

The Vita Collective Foundation is committed to the collaborative promotion of sustainable development and participates in various cooperations to further develop responsible investing. In 2021, we expanded our commitment with two new memberships, putting a stronger focus on climate protection and driving decarbonization.

- At the end of 2021, the Vita Collective Foundation joined the investor-led initiative "Climate Action 100+." This initiative aims to get the world's biggest CO₂ polluters to take action on climate change. We take an active role as a "participant" in this process and contribute to the dialog with the companies with our own representation. We discuss targets and measures to achieve them and report on progress. This is documented in the current [Climate Action 100+ Progress Update 2022](#).
- In order to drive decarbonization further, the Vita Collective Foundation was the first Swiss collective foundation to join the "Net Zero Asset Owner Alliance" and did so in 2021. This is an international group of institutional investors who are committed to shifting their investment portfolio to net zero by 2050.
- Since 2020, we have been a member of Swiss Sustainable Finance (SSF), which aims to strengthen Switzerland's position in the field of sustainable finance. It supports its members by developing best practices and creating frameworks and tools.
- In 2020, we signed the United Nations Principles for Responsible Investment (UN PRI). This obligates us to expand our governance and investment strategy to include ESG factors and to report on implementation accordingly.

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:



- Risk management finalizes the investment process. 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 risk management tools of a pension fund is investment controlling. It offers an overview of all relevant metrics from an investment perspective. We go beyond the ordinary financial metrics and integrate ESG aspects into investment controlling. We carry out a quarterly review of portfolio items regarding ESG criteria. A score is calculated for each position, as well as for the overall portfolio, which allows us to more closely monitor whether the ESG rating of the overall portfolio remains within the specified range and whether the exclusion list of the Swiss Association for Responsible Investments (SVVK-ASIR), which is applied across the entire portfolio, is adhered to. Furthermore, we actively monitor the share of fossil reserves in our portfolio. The objective of the Paris Climate Agreement set limits on fossil fuels. These carry an increased risk of not being promoted further and thus becoming what are known as "stranded assets." This allows deviations to be identified at an early stage and dialog with the involved investment managers to be conducted faster and in a more targeted manner.
- Dialog with the investment managers takes place selectively, as well as systematically, and on a regular basis. ESG criteria are integrated into the controlling activities of investment managers. Progress with regard to ESG is addressed on an annual basis. Investment 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.
- We measure our ecological footprint every quarter. We follow this closely and document the progress. In 2021, the Vita Collective Foundation looked at specific targets and measures for CO₂ reduction. These are quantified and then published (see 2.2, Sustainable decarbonization).

2.2 Sustainable decarbonization

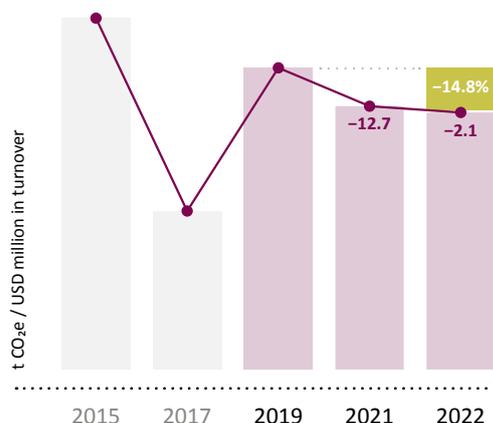
The consequences of climate change are evident: extreme weather events, such as drought, floods, or heavy rainfall, are becoming more frequent. Climate change is one of the greatest challenges of our day and age. At the climate conference in Paris at the end of 2015, multiple countries committed to reducing greenhouse gas emissions. The Paris Agreement signed by Switzerland in 2017 pursues the goal of limiting average global warming to well below 2 degrees Celsius. A key element on the way to achieving the target is to structure financial flows in a climate-friendly way.

As a major investor, the Vita Collective Foundation makes a contribution towards reducing greenhouse gas emissions through the integration of ESG aspects. Since 2017, we have been measuring our carbon footprint and striving for a continuous and sustainable reduction of CO₂ emissions: whether it is in domestic and foreign real estate and equity investments or at the company's own business premises. We have already set specific CO₂ reduction targets for around half of our investment portfolio. We are gradually pushing to decarbonize our entire portfolio – with the long-term goal of net zero by 2050.

CO₂ reduction in equity investments on track

In 2021, the Vita Collective Foundation formulated CO₂ reduction targets for equity investments for the first time. This is consistent with the first "Target Setting Protocol" of the new "Net Zero Asset Owner Alliance" membership. Our interim goal on the way to net zero: by 2025, we want to reduce our CO₂ emissions by 20 percent compared with the base year 2019. We use the "weighted average CO₂ intensity" as a key figure for calculating the greenhouse gas emissions of our portfolio. To do this, we put a company's CO₂ emissions in relation to its sales. This value is then weighted according to the company's share in our equity portfolio.

The exclusion criteria for coal determined in the first quarter of 2022 made a positive contribution to the reduction of our CO₂ emissions in the equity portfolio. The weighted average CO₂ intensity of our equity portfolio has fallen 14.8 percent since the base year of 2019. This value is 20.6 percent lower than the equity universe available for investment globally (MSCI All Countries World Investable Market Index). We are 3.3 percent below our reduction path and well on the way to achieving our interim target by 2025.



-14.8%

weighted average CO₂ intensity

The weighted average CO₂ intensity of the Vita Collective Foundation's equity portfolio has been reduced by 14.8 percent since the base year 2019.

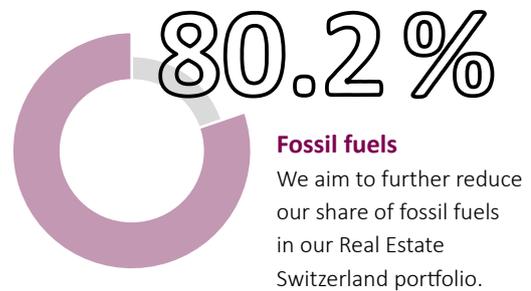
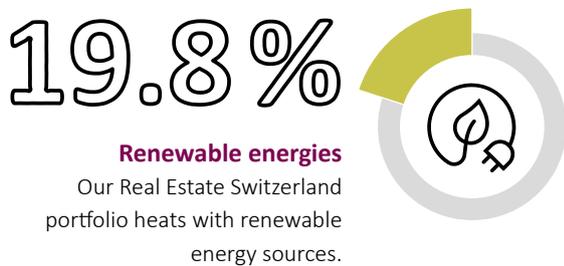
Real estate offers great potential for reducing CO₂ emissions

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 greenhouse gas inventory of the Federal Office for the Environment (FOEN), 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 real estate that meet high sustainability standards. Active management of energy consumption and greenhouse gas emissions is an essential component of responsible asset and building management.

Energy-efficient renovation of older properties, optimization of operations, and structured replacement of heating systems in existing properties can make a major contribution towards reducing energy consumption. We do not hold any real estate directly, but make our real estate investments through indirect investments. In dialog with our investment managers, we endeavor to have them set CO₂ reduction targets.

In recent years, the Global Real Estate Sustainability Benchmark (GRESB) has established itself as the standard for assessing the environmental, social and governance (ESG) performance of real estate funds and companies. The GRESB Assessment determines a "GRESB Score," which takes into account aspects such as commitment, water consumption, energy efficiency, waste management, and certification of buildings. The score enables a comparison with competitors and, at the same time, identifies measures to improve ESG performance. All our real estate investments participated in this comparison in the year under review.

Energy source mix for Real Estate Switzerland (as at end of 2021)



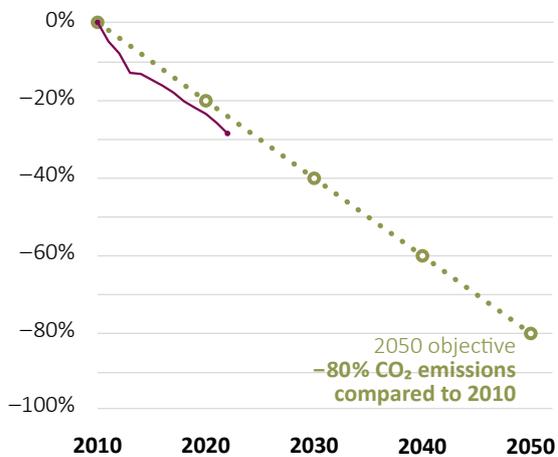
Real Estate Switzerland on course

The Vita Collective Foundation aims for a positive impact in the investment category Real Estate Switzerland:

- Since 2010, CO₂ emissions have been substantially reduced by 28.7 percent (as of the end of 2021).
- The aim is to reduce CO₂ emissions by a further 20 percent by 2025, which equates to a target reduction of a total of 40 percent compared to 2010.
- All four products in which we invest have taken part in the Global Real Estate Sustainability Benchmark (GRESB). Three of them achieved 3-star status in the year under review (out of 5 possible stars).
- Almost all of our Real Estate Switzerland investments have a CO₂ reduction target.

Real Estate Europe: "Green Star Rating"

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) since 2011. In 2022, the fund achieved a points score of 90 out of 100, which again gave it a 5-star status (out of 5 stars) and a "Green Star Rating." In September 2019, Schroder Real Estate joined the Better Buildings Partnership (BBP): the portfolio manager signed the Climate Change Commitment and published the "Pathway to Net Zero Carbon" in December 2020. This contains – in accordance with the Paris Agreement – the pledge to achieve zero carbon emissions by 2050, or sooner, in order to limit global warming to 1.5°C. "Net zero carbon" is the natural next step. In this regard, Schroder Real Estate aims to reduce CO₂ emissions by 14 percent by 2025, compared to 2019, and by 36.6 percent by 2030.



-28.7%

effective CO₂ emissions
since 2010 in
Real Estate Switzerland

2.3 Impact-oriented investments

The Vita Collective Foundation invests in investments with the aim of having a measurable, positive impact on the environment or society and achieving a positive financial return. In this context, we are guided by the 17 global goals for sustainable development set out by the United Nations.

These Sustainable Development Goals (SDGs) are at the heart of Agenda 2030. We make sure to generate added value in the subject areas that correspond with our values. For this reason, we focus on the following SDGs:

Demographic change

We invest strategically in future-oriented residential and living spaces to ensure worry-free aging.



Companies in healthcare that make access to medicine easier and improve well-being



Social, economic, and political integration of all people – irrespective of their age, gender, and origin



Providers of sustainable public transportation systems, such as trains and promoters of safe and sustainable living space

Climate change

We are part of the transformation in climate change and are committed to Net Zero by 2050.



Companies from the area of renewable energies and all companies whose products support energy efficiency



Companies from the area of renewable energies and companies that have specialized in adapting to climate change, for instance providers of disaster insurance

Achieving a climate-neutral economy and society with green bonds

Green bonds have been part of the investment strategy since 2022 – CHF 390 million has already been invested. Issuers of green bonds undertake to use the funds received to finance ecological projects – for example, for renewable energies, energy efficiency, and environmentally friendly buildings. In this way, we can support projects that have a positive influence on sustainable development. According to the investment manager's reporting, through the financed projects the CO₂ output is reduced by 212 metric tons annually per million invested.

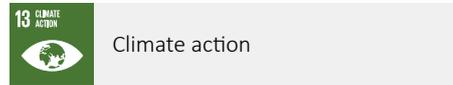
Around 85 percent of the projects financed focus on alternative energies, sustainable real estate, low-carbon transport, and energy efficiency. In this way we make a contribution to Development Goal 13 – Climate action.



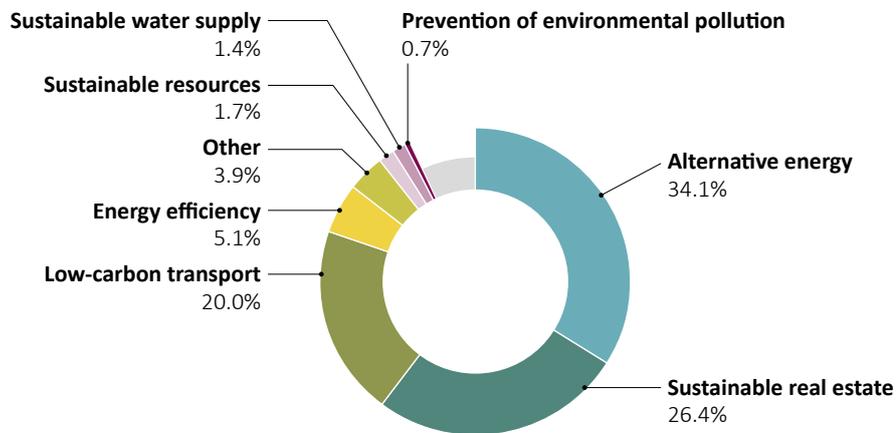
CHF 390 million
invested in green bonds since 2022

85%

of the projects financed make a contribution to Development Goal 13.



Distribution by project



Senior housing – future-oriented living spaces with social impact

The Vita Collective Foundation also invests strategically in future-oriented residential and living spaces for carefree aging. In doing so, we work in a networked, needs- and impact-oriented manner. We are actively involved, from project development up to the overall operating phase of a residential complex. We form long-term partnerships with communities and local stakeholders on the basis of communal old-age policies. In this way, we ensure that their concerns are taken into account and regional value creation is stimulated.

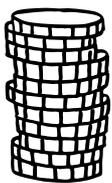
Our investments in future-oriented living spaces pay into the following SDGs in accordance with our social impact strategy:



As an impact investor, the Vita Collective Foundation gets involved actively and locally – for added value with respect to the social environment in residential complexes, districts, and communities. In this way, we support healthy living for people of all ages. We reduce inequalities by entering into the needs of different population groups. Our innovative, marketable, and target-group-appropriate residential offerings, as well as participative collaboration with local partners, contribute to sustainable economic growth. Together, we create inclusive and hospitable housing developments.

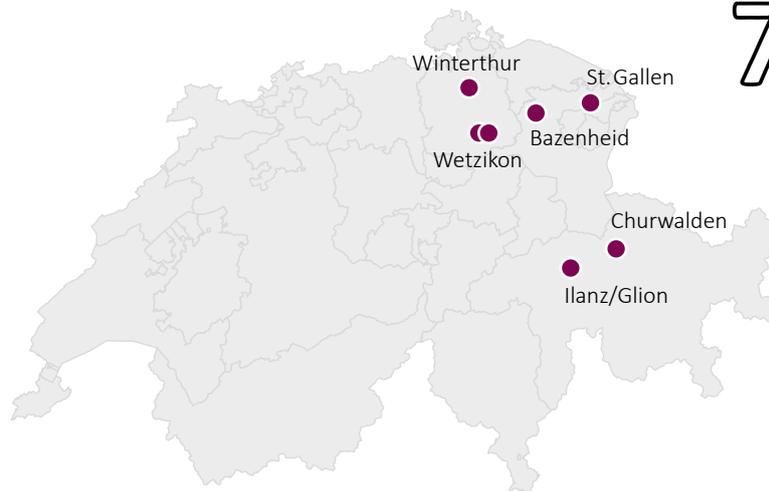
In spring 2022 we opened our flagship project for multi-generational living combined with assisted living: Residenza St. Joseph in Ilanz/Glion. Here, people of all ages live in a connected neighborhood. Residents moved into another multi-generational project in St. Gallen in the fall of 2022.

Our portfolio currently consists of seven residential complexes with a total of 400 residential units and an investment volume of CHF 230 million. The complexes in Bazenheid, Wetzikon, Churwalden, Ilanz/Glion, and St. Gallen are already up and running. People are set to move into the three multi-family buildings in Winterthur in June 2023.



CHF 230 million

investment volume
in the investment group "Senior Housing".



7

projects planned or implemented
to promote attractive, future-oriented housing and living space for growing old without any worries.

Notes

ESG-Reporting ASIP

The Vita Collective Foundation adopted responsible investing as a key issue early on. Since 2020, it has been publishing a sustainability report and a governance report alongside the annual report. It is already complying with the recommendation of the Swiss Pension Fund Association ASIP.

Active shareholder – active ownership

Exercising of voting rights		
Basic key figures	2022	
Share of companies at which voting rights are exercised, measured by capital invested:	Switzerland	81.7%
	Abroad	82.5%
Share of consent to management applications:	Switzerland	88.0%
	Abroad	83.0%

Commitment		
Basic key figures	2022	
Memberships in commitment initiatives: Yes	<ul style="list-style-type: none"> – Climate Action 100+ – ISS International – Net Zero Asset Owner Alliance 	

Sustainable decarbonization – climate indicators

Equities		
Basic key figures	2022	
Greenhouse gas emissions:		
– Intensity (t CO ₂ e / million USD of earnings) for Scope 1 and 2:	137.4	
– Footprint (t CO ₂ e / million USD of invested capital) for Scope 1 and 2:	100.8	
Exposure to fossil fuels:		
Investment share in companies with activities (more than 5 percent of their income from such operations) in		
– Coal:	0.4%	
– Other fossil fuels:	7.7%	

Real Estate Switzerland		
Basic key figures	2021	2022
Energy intensity (kWh/m ² ERA) for Scope 1:	98.6	–
CO ₂ intensity (kg CO ₂ /m ² ERA) for Scope 1:	21.3	–
Energy source mix:		
– Share of fossil fuels:	80.2%	–
– Share of renewable energies:	19.8%	–

Other reports of the Vita Collective Foundation

- **Annual Report 2022**
- **Governance Report 2022**

Vita Collective Foundation

Hagenholzstrasse 60 | 8050 Zurich
vita.ch



In 2023, Vita Collective Foundation will celebrate its 20th anniversary.
Find out more at vita.ch/20years