

Sustainability Report 2021

Vita Collective Foundation

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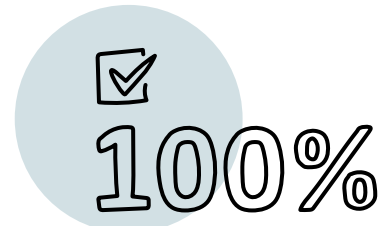
Vita Collective Foundation Sustainability commitment 2021



The Vita Collective Foundation
voted at

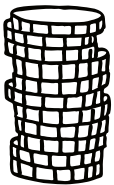
1,407

shareholders' meetings.



responsible investing

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



We have

CHF 230 m

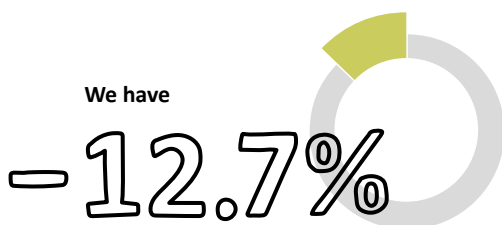
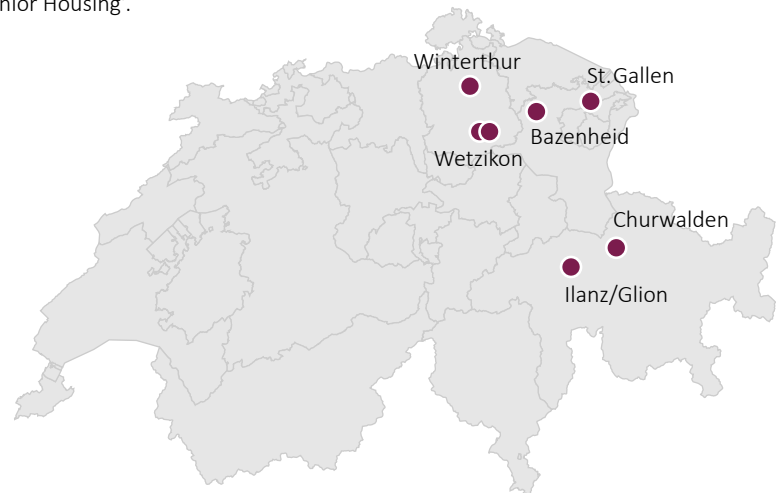
of investment volume

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 space for growing old without any worries.



We have

-12.7%

weighted average CO₂ intensity

The weighted average CO₂ intensity of the Vita Collective Foundation's equity portfolio has been reduced by 12.7% since the base year 2019.



We have had

-24%

CO₂ emissions

in the investment category Real Estate Switzerland since 2010.

General

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

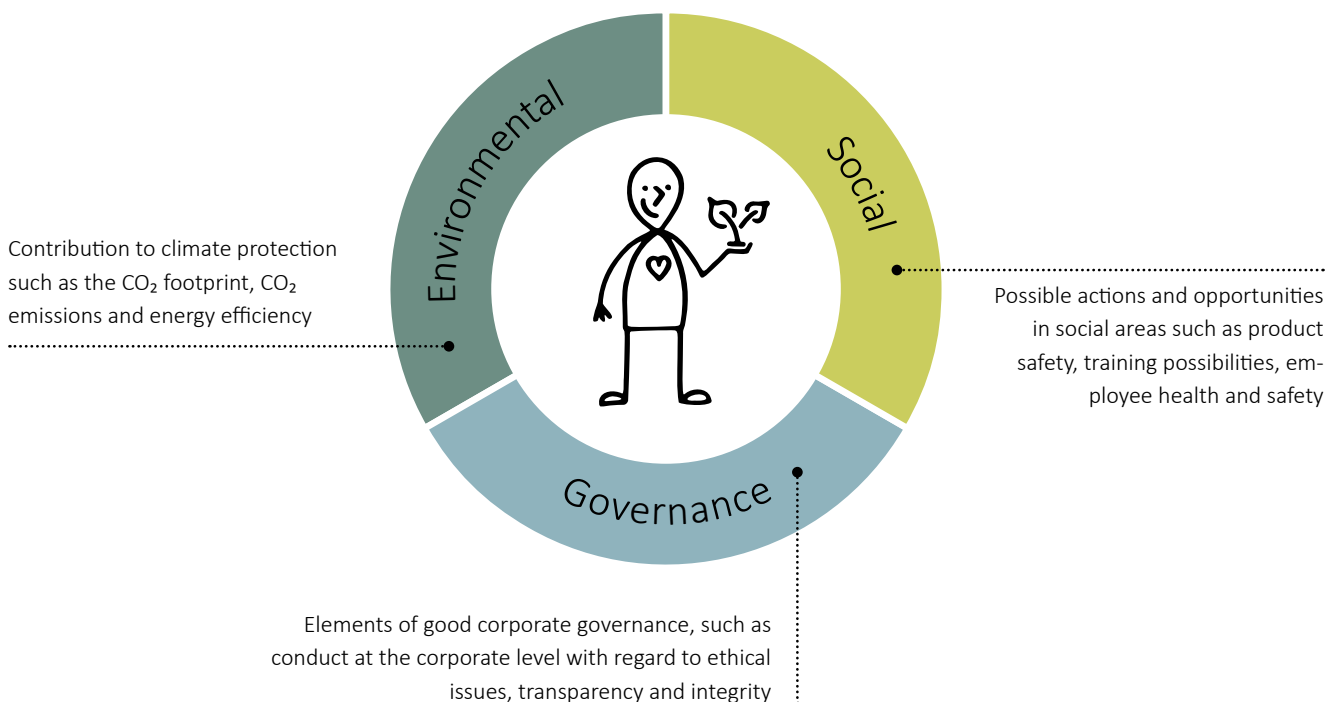
As one of the largest semi-autonomous joint and collective foundations in Switzerland, we work to ensure the fair and balanced distribution of retirement benefits and to gradually reduce solidarities not envisaged by the system to a minimum: to provide a carefree financial future for the beneficiaries.

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 been actively exercising our voting rights since 2011 and have been ascertaining the portfolio's carbon footprint 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: Since the end of 2021, we have been one of the first pension plans in Switzerland to become a member of the 'Net Zero Asset Owner Alliance' and have also joined the 'Climate Action 100+' initiative. Furthermore, we have formulated a CO₂ reduction target for our equity portfolio and will invest in green bonds in the future. ESG considerations are to be integrated even more effectively into investment analyses, strategies and portfolio construction processes in the future. Targets for the sustainability strategy are set in increments, the implementation of these targets take place gradually and the targets are implemented across all asset classes.

What does ESG mean?

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



Highlights of the year

In 2021, the Vita Collective Foundation achieved many things. A new retirement provision model, high standards of transparency and even more sustainable investments enable secure and fair occupational retirement provision for all generations.

Impact investing

March

The impact-oriented investments are being expanded. In 2021, the Vita Collective Foundation acquired two new 'Senior Housing' projects: in Wetzikon and Churwalden. And the investment categories are being purposely expanded to include green bonds.

www.vita.ch/sustainable-investments



Reporting

June

The Vita Collective Foundation disclosed its sustainability efforts for the first time in 2021. The digital report provides detailed information about its developments and efforts in the area of sustainability so far.





Governance

August

The Vita Collective Foundation is committed to the highest standards of integrity and transparency: Processes and controls of SST Vita Dienstleistungs AG, the management company entrusted with the management of the company, have been certified according to the ISAE-3000 standard since 2021.

Read more in the Governance Report

Investment strategy

November

The Vita Collective Foundation achieved a return of 8.49% in 2021. In the year under review, it revised its investment strategy and decided, among other things, to further reduce foreign currency risks. This primarily increases the stability of the portfolio.

Read more in the Annual Report.



Decarbonization

November

In the year under review, the Vita Collective Foundation formulated CO₂ reduction targets for equity investments for the first time. One goal is to reduce CO₂ emissions by 20 percent by 2025 compared to 2019.



Memberships

December

Since the end of 2021, the Vita Collective Foundation has been a member of 'Climate Action 100+' and 'Net Zero Asset Owner Alliance.' By joining the Institutional Shareholder Services (ISS) engagement pool, it seeks direct dialog with companies.

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

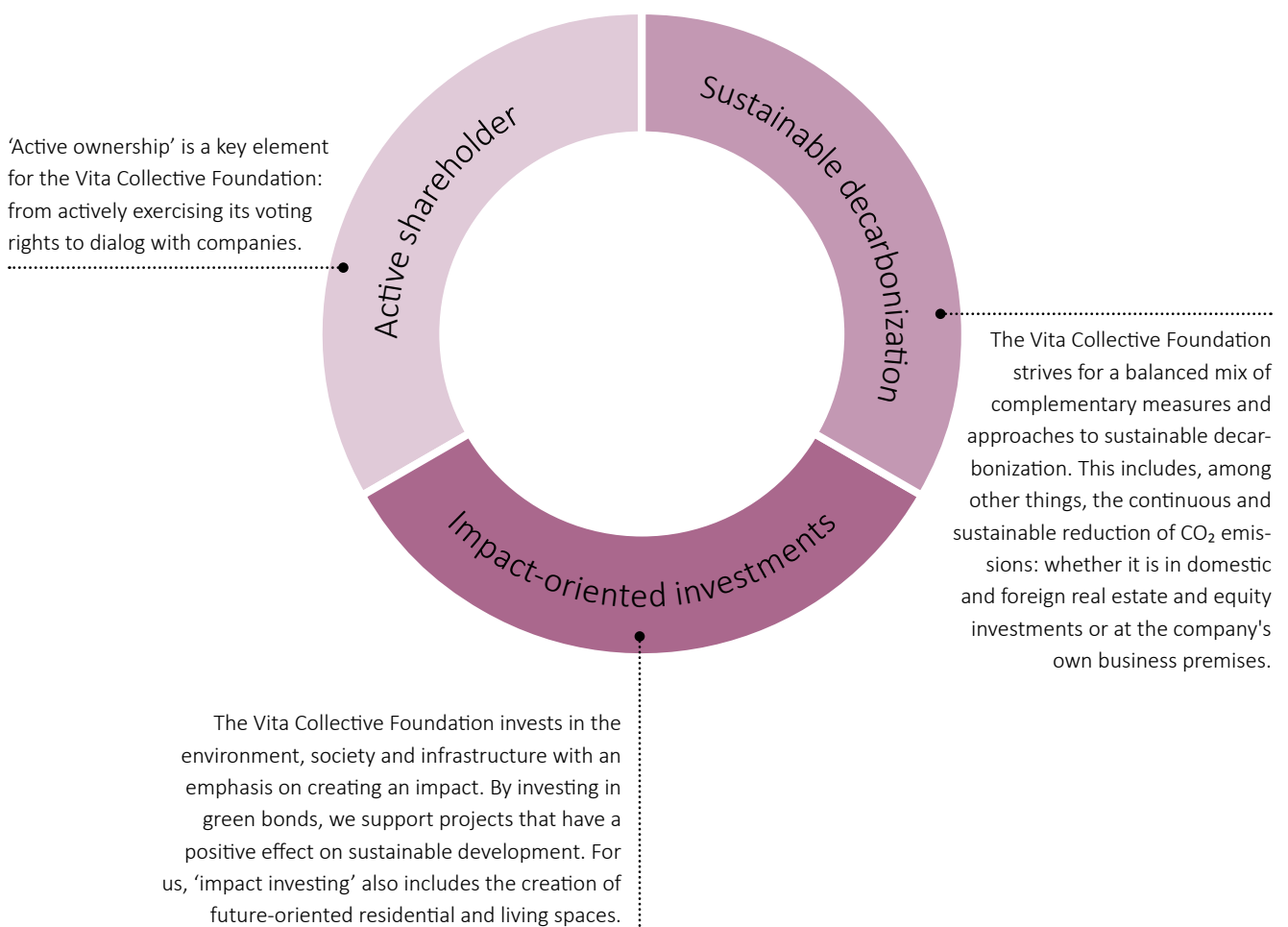
The Vita Collective Foundation is committed to the United Nations Principles for Responsible Investment (UN PRI) and seeks interaction and cooperation with various organizations and investors in the field of sustainability.

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 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.
- We make a comprehensive report on the voting rights we exercise in national and international companies, which is available publicly on the website vita.ch.

- We maintain active dialog with investment managers, all of whom are UN PRI certified. 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.

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 the first quarter of 2022, we participated in the ISS engagement with four companies. These companies have violated standards in the area of corruption and the environment. This includes a company from the energy supply sector, which is in the top ten companies with the largest CO₂ emissions in our overall portfolio.



Exercising of
voting rights 2021

There were

13,979

submitted motions on which
the Vita Collective Foundation voted.

1,407

The Vita Collective Foundation
voted at 1,407
shareholders' meetings.

15.3%

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

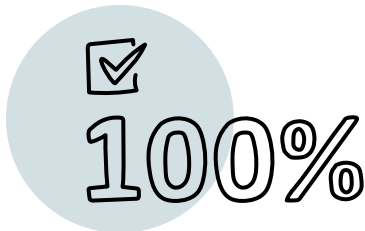
Integration into the investment process

- 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. In this regard, we are guided by the exclusion list of the Swiss Association for Responsible Investments (SVVK-ASIR). Since 2014, we no longer directly invest in commodities, and investments in futures on oil, gas and agricultural products are excluded.
- All of the Vita Collective Foundation investment managers are actively involved.

For example, Fisher has been in dialog with a company from the mining industry since the end of 2020. The Board was revitalized in 2021 with five new independent members. Four of the ten board members are female and several have expertise in sustainability.

The compensation program for managers now also includes ESG-related key performance indicators. In addition to the previously published CO₂ reduction target for U.S. operations of –15 percent by 2030, the company has committed to reducing CO₂ emissions from Indonesian operations by 30 percent.

Wellington has been engaged in ESG discussions for several years now with an energy sector company, which is one of the largest producers of CO₂ emissions in the portfolio. In early 2022, the new climate targets and climate risk management methods were discussed. The company reports pursuant to the ‘Task Force on Climate-Related Financial Disclosures’ (TCFD) framework and has committed itself to net zero by 2050. Total operational emissions have been reduced by 21 percent since 2015. Wellington believes that the company has the technology and ambition to achieve its short- and long-term goals.



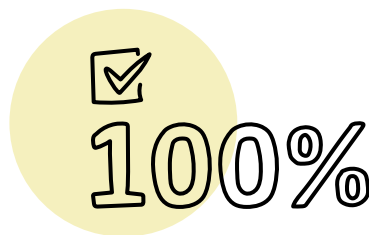
Responsible investing

All investment managers have signed the UN PRI.



Active engagement

All investment 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).

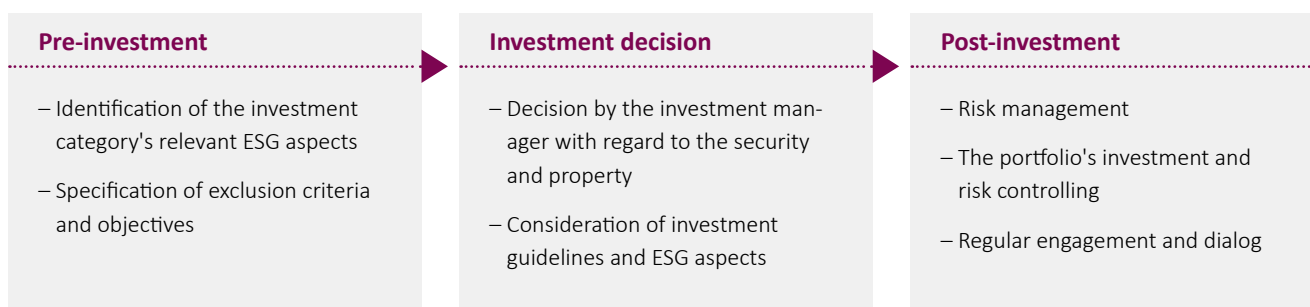
Memberships

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 2021](#).
- 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 carbon footprint on a quarterly basis. 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.

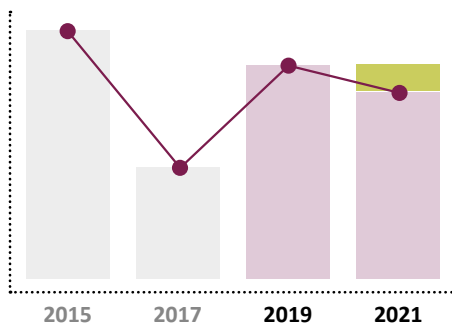
As a major investor, the Vita Collective Foundation makes a contribution towards reducing greenhouse gas emissions through the integration of ESG aspects. Since 2017, we have been measuring our carbon footprint and striving for a continuous and sustainable reduction of CO₂ emissions: whether it is in 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.

Significant CO₂ reduction in equity investments

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 weighted average CO₂ intensity of our equity portfolio has decreased by 12.7 percent since the 2019 baseline. Compared with the globally investable equity universe (MSCI All Countries World Investable Market Index), this figure is 13.7 percent lower. We are thus well on track to achieve our interim target by 2025.

t CO₂e / \$ US million in turnover



-12.7%

weighted average CO₂ intensity

The weighted average CO₂ intensity of the Vita Collective Foundation's equity portfolio has been reduced by 12.7% 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 manager, we endeavor to have him set CO₂ reduction targets.

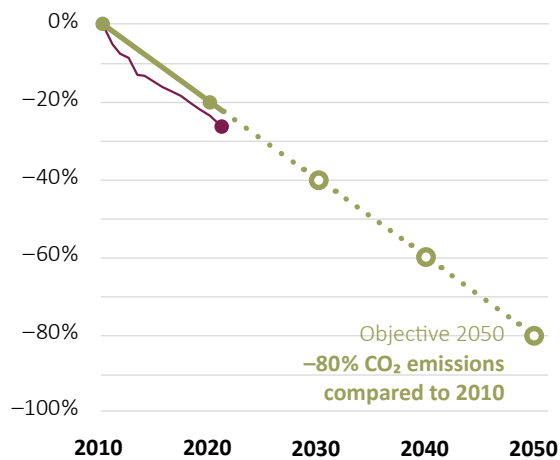
In recent years, the Global Real Estate Sustainability Benchmark (GRESB) has established itself as the standard for assessing the environmental, social and governance (ESG) performance of real estate funds and companies. The GRESB Assessment determines a 'GRESB Score,' which takes into account aspects 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.

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 24 percent, thus exceeding the target of –20 percent by 2020.
- The three investment funds in which we are invested participated in the Global Real Estate Sustainability Benchmark (GRESB) and achieved a 2-star and 3-star status (out of 5 stars) respectively in the year under review.
- We have set ourselves a new interim goal: CO₂ emissions are to be reduced by a further 20 percent by 2025.

-24% effective CO₂ emissions since 2010 in Real Estate Switzerland



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 2021, the fund achieved 87 points out of 100, resulting in a 5-star rating (from a total of 5 possible stars) and a 'Green Star Rating.' In September 2019, Schroder Real Estate joined the Better Buildings Partnership (BBP): The portfolio manager signed the

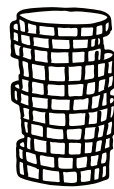
Climate Change Commitment and published the 'Pathway to Net Zero Carbon' in December 2020. This contains – in accordance with the Paris Agreement – the pledge to achieve zero carbon emissions by 2050, or sooner, in order to limit global warming to 1.5°C. 'Net zero carbon' is the natural next step. In 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.

2.3 Impact-oriented investments

The Vita Collective Foundation invests in the environment, society and infrastructure with an emphasis on creating an impact. The topics of climate change and demographic development take center stage here. Starting in 2022, green bonds will be part of the investment strategy. Around CHF 250 million have already been invested in the first quarter of 2022. Issuers of green bonds pledge to use the funds received to finance ecological projects – for example, renewable energies, energy efficiency or environmentally friendly buildings. This allows us to support projects that have a positive influence on sustainable development.

In addition, we are making strategic investments in future-oriented residential and living spaces. 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. The investments help to achieve the United Nations Sustainable Development Goals: Through our commitment to multi-generation living, we promote healthy living for people of all ages and design residential subdivisions to be inclusive and sustainable.

We pay attention to ecological sustainability in our construction methods (for more information, see chapter 2.2, Sustainable decarbonization). Two new projects were acquired in 2021: in Churwalden and Wetzikon. Our portfolio currently comprises seven residential complexes with a total of 400 residential units and an investment volume of CHF 230 million. The complexes in Bazenheid, Wetzikon and Churwalden are already in operation. The generation-friendly apartments in Ilanz/Glion were occupied in spring 2022, and the occupancy date in St. Gallen is planned for fall 2022.

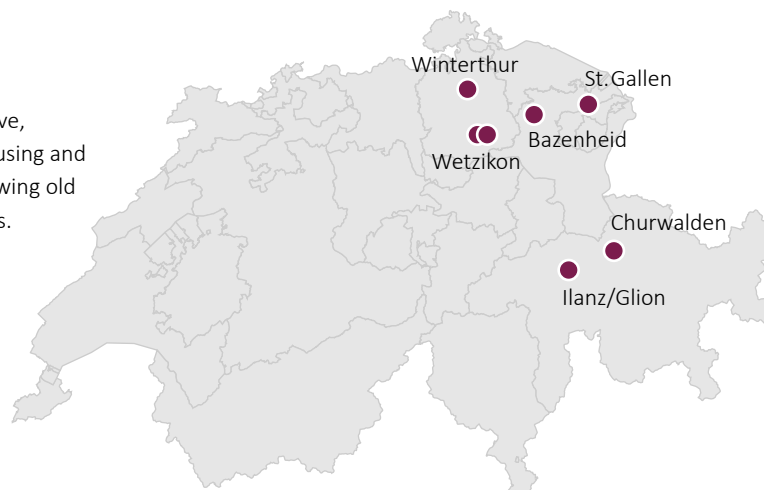


CHF 230 m

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.



Other reports of the Vita Collective Foundation

- **Annual Report 2021**
- **Governance Report 2021**

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