

allreal

Sustainability Report 2022

Editorial

When we published our sustainability strategy in 2021 we set ourselves ambitious and measurable environmental, social and governance goals and committed to them. Over the past year we have put our words into action and taken the first actions to achieve these goals.

In May 2022 the Sustainability department started operations, working on both building up the team and also further clarifying the focus areas, goals and actions. Specific performance metrics were set for the individual goals and the CO₂ reduction path was determined for the portfolio of yield-producing properties, which is particularly important for our future activity. Allreal will halve the share of fossil fuels in its portfolio by 2030 and be carbon-neutral in its property operations by 2050. To achieve this, we will make additional value-creating investments of at least CHF 60 million.

We originally planned to fit electric mobility charging infrastructure in at least 20% of the parking spaces in the residential property portfolio by the first half of the year 2024. In fact, we accomplished this by the end of 2022 by installing over 700 charging points in 42 properties. By 2024, we will increase this share to over 25%. This meets a rising need for our tenants. At the same time, we are taking tangible action to promote the switch to e-mobility by deliberately keeping the additional costs for users low so as to create financial incentives for our customers to buy an electric vehicle next time.

We also moved ahead with rolling out photovoltaics systems on a large scale by installing three additional units – despite major challenges in the form of shortages of components and an ongoing shortage of skilled installation workers. Electricity generation from solar panels will continue to grow enormously in the next two years. By the end of 2024, output capacity will increase multifold.

Environmental measures often only have a positive impact on the CO₂ reduction path with a time lag. Allreal therefore bought certificates for around 8,000 tonnes of CO₂ emissions in 2022. Each time a measure is implemented, less partial compensation will be needed in future.

We are committed to being socially responsible in the way we develop and realise construction projects. In December 2022, we set up an external advisory board on residential premises. The tasks of this body include assessing the design of public and semi-public spaces previously realised by Allreal and drawing up recommendations for future projects.

We are working every day on the 12 focus areas listed in our sustainability strategy. We strongly believe that there is no contradiction between being a successful business and thinking and acting sustainably – and our track record bears this out. This is how we generate value, today and in future.

Ralph-Thomas Honegger
Chairman of the Board of Directors

Roger Herzog
CEO

Goals

Over the course of 2022, the Sustainability team further clarified the strategy and goals and set clear performance metrics with a time horizon of three years in each case and a CO₂ reduction path. The company will report on its progress towards achieving these goals every year.

Allreal overhauled its sustainability strategy in 2021 and has shifted its focus onto areas where it can have a major direct impact. The company has set itself ambitious and measurable goals, with four focus areas under each of the headings Environment, Social and Governance.

Environment

Allreal wants to become completely carbon-neutral across its entire portfolio of yield-producing properties by 2050 at the latest and halve the share of fossil fuel in its energy consumption by 2030. The company is also committed to sustainable and recyclable construction.

Environment	Goal	Actions 2022	Performance metrics
 <p>Carbon-neutral by 2050</p>	Allreal will halve the use of fossil fuels in the real estate portfolio by 2030 and be carbon-neutral by 2050	CO ₂ reduction path for yield-producing properties drawn up Medium-term plan defined for ESG investments based on renovation strategies to 2032 CO ₂ emissions partially offset by buying certificates	Share of fossil fuels for generating electricity for yield-producing properties (3) Figure 2022 64% Target figure 2024 <59% Number of tonnes of CO ₂ emissions partially offset by buying certificates (3) Figure 2022 8000 tonnes Target figure 2024 <4,000 tonnes
 <p>Sustainable construction</p>	Allreal encourages sustainable building projects and takes climate risks and biodiversity into account	Now a member of the Sustainable Construction Network Switzerland Good progress on the flagship Baarermatte project Badenerstrasse Zurich-Altstetten project commended by jury as tall residential building (carbon-neutral)	Percentage of space in yield-producing properties with certification/sustainability label (2) Figure 2022 40% Target figure 2024 >42% Number of own-developed projects with intensive greenery on roof or façades (2) Figure 2022 1 Target figure 2024 2
 <p>Recyclable construction</p>	Allreal wants to steadily reduce the resources used to realise new builds	Internal workshops on recyclable construction in own projects Internal workshop on reducing materials wasted on site	Number of training sessions on raising awareness of the value of materials in the Realisation department (1) Figure 2022 0 Target figure 2024 1 Number of disposal plans requested by the Realisation department that are optimised by material (2) Figure 2022 0 Target figure 2024 >4
 <p>Sustainable energy management</p>	Allreal uses sustainable energy management	Start recording consumption at portfolio level First information event to find out about user behaviour (residential tenants Toni-Areal) Added PV devices with 640 kW peak output in 2022 Around 700 electric charging points added to parking spaces in residential properties in 2022	Percentage of space in yield-producing properties where consumption is recorded (3) Figure 2022 23% Target figure 2024 >80% Installed peak kWp output of PV devices in yield-producing properties (3) Figure 2022 872 kWp Target figure 2024 >5,500 kWp Share of parking spaces in residential properties with electric charging points (3) Figure 2022 20% Target figure 2024 >25% Energy consumption per square metre (kWh/m ² /a) (1) Figure 2022 n/a Target figure 2024 <77

(1) Target value per year
 (2) Cumulative target value to end-2024
 (3) Target value as at 31 December 2022

Social

The focus areas in the Social category are aimed at creating a pleasant and safe working environment for staff and working on processes to create high-quality living spaces.

Social	Goal	Actions 2022	Performance metrics
 Workplace health and safety	Allreal values workplace health and safety	Safety rules checked in unannounced site audits	Number of unannounced site audits conducted [1] Figure 2022 12 Target figure 2024 >10
		Findings from internal audits exchanged with team and project heads twice a year	Safety risks as a percentage of all shortcomings identified in site audits [1] Figure 2022 8% Target figure 2024 <5%
		Staff trained on internal safety organisation	Number of reports to the external specialist centre for bullying and harassment [1] Figure 2022 0 Target figure 2024 0
		Maintain collaboration with external specialist centre for bullying and harassment	
 Genuine equal opportunities	Allreal promotes equal opportunities and ongoing employee training	HR strategy actively promoting work/life balance	Number of hours of training per employee [1] Figure 2022 28.6 hours Target figure 2024 >25 hours
		Career development and active promotion of training sessions	Percentage of the workforce working part-time [3] Figure 2022 18% Target figure 2024 >25%
		Cooperation with Athletes Network started	Number of equal-pay studies showing positive confirmation [2] Figure 2022 0 Target figure 2024 1
			Number of people from Athletes Network doing internships at Allreal [1] Figure 2022 2 Target figure 2024 2
 Creating high-quality living spaces	Allreal designs high-quality projects and cooperates actively with external stakeholders	Living space advisory board set up and two project reviews carried out	Number of project meetings held by the living space advisory board [1] Figure 2022 2 Target figure 2024 >2
		Framework designed for a guide on renting rental properties in a way that is non-discriminatory	Number of surveys on tenant satisfaction, the rental offering and management [3] Figure 2022 1 Target figure 2024 2
 Ensuring data protection	Allreal ensures a high level of data protection by using the latest IT architecture	IT penetration tests and cyber risk analysis for real estate portfolio carried out by external specialists	Number of IT penetration tests carried out externally [1] Figure 2022 1 Target figure 2024 1
		Decision taken on outsourcing virtual storage	Number of staff training sessions on data security and/or data protection carried out [3] Figure 2022 0 Target figure 2024 2

(1) Target value per year
 (2) Cumulative target value to end-2024
 (3) Target value as at 31 December 2024

Governance

Credible management is at the heart of the Governance section. This covers the appropriate composition of company bodies, the remuneration system and reporting.

Governance	Goal	Actions 2022	Performance metrics
 <p>Sustainability in company management</p>	Sustainability is firmly embedded in senior management at Allreal	Head of Sustainability since May 2022, reporting directly to the CEO Sustainability team expanded to three people by end of 2022	Number of Group Management meetings with ESG items on the agenda (1) Figure 2022 5 Target figure 2024 >6 Number of external training hours related to ESG per member of Group Management (1) Figure 2022 0 hours Target figure 2024 >8 hours
 <p>Recipient-friendly reporting</p>	Allreal announces every year the extent to which the ESG strategy has been achieved and will have the sustainability metrics audited from 2023 onwards	Extent to which individual goals achieved disclosed in external reporting Decision taken to retain the GRI standard plus from 2023 onwards: – Greenhouse gas reporting under the GHG Protocol – Climate reporting under TCFD	Number of external audits of ESG metrics (2) Figure 2022 0 Target figure 2024 2 Number of events held with relevant stakeholders related to ESG (2) Figure 2022 0 Target figure 2024 2
 <p>Simple remuneration with long-term elements</p>	Allreal takes sustainability factors into account in the remuneration of Group Management and selected individuals	Each member of Group Management has individual ESG targets that affect their bonus	∅ Extent to which Group Management achieve ESG targets (1) Figure 2022 100% Target figure 2024 >80% Percentage of the workforce with ESG performance metrics in their target agreements (3) Figure 2022 2% Target figure 2024 >20%
 <p>Appropriate composition of Board of Directors/Group Management</p>	Allreal is keen to increase the share of women on the Board of Directors and in Group Management	The share of women on the Board has been increased to 25%	Share of women on the Board (3) Figure 2022 25% Target figure 2024 >25% Share of women in Group Management (3) Figure 2022 0% Target figure 2024 >0%

(1) Target value per year
 (2) Cumulative target value to end-2024
 (3) Target value as at 31 December 2024

Environment

In terms of market value of yield-producing properties, Allreal is the third-largest listed property company in Switzerland. Across its two divisions – Real Estate and Projects & Development – the company is well aware of its environmental responsibilities. Sustainable construction, whether with high-quality construction materials or the use of renewable energy sources, seems to contradict the goal of cost-efficient construction – but only at first glance. The higher production costs are usually more than compensated for in the medium to long term by the lower operating expenses and longer life expectancy of the building.

First milestones achieved

In its 20-plus years of business, Allreal has made a name for itself as a pioneer in developing, planning and realising environmentally-friendly projects. The company drafted a sustainability strategy in 2021 to focus on the areas on which it has greatest influence, and to set itself ambitious goals. Allreal wants to become completely carbon-neutral across its entire portfolio of yield-producing properties by 2050 at the latest and halve the share of fossil fuel in its energy consumption by 2030.

The company is implementing various measures to achieve these objectives. They include a broad-based drive to install solar power systems from now to 2024. Devices with a total peak output of 640 kWh were installed on the roofs of three yield-producing properties in 2022. Shortages of photovoltaic modules and system components, plus a lack of skilled installation workers, made it impossible to roll these out as originally expected and realisation will therefore take place in the current year.

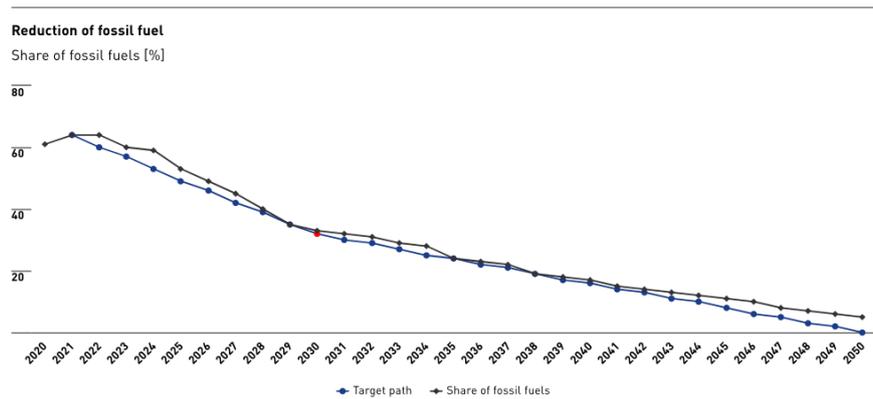
Active management of user behaviour will also help to cut emissions. Promoting e-mobility and creating financial incentives are some of the measures aimed at encouraging tenants to behave in a way that is environmentally sustainable. Allreal has set itself the target of having at least 20 percent of garage parking spaces in the yield-producing property portfolio equipped with an electric charging point by the first half of 2024. In fact, we accomplished this in full ahead of schedule in 2022 by installing 703 charging points in 42 properties. The low additional cost of renting the charging infrastructure and the fact that it is incurred even if the charger is not used aim to encourage tenants to make a conscious switch to e-mobility.

As a way of finding out about user behaviour, Allreal held its first information event to raise tenants' awareness of energy issues in collaboration with the Zurich municipal electric utility EWZ in November 2022 in the Toni-Areal. The aim was to encourage residential tenants to save energy.

CO₂ reduction path

In terms of the CO₂ reduction path, Allreal wants to ensure the full consumption by yield-producing properties is recorded by the end of 2023. At the same time, individual property strategies will be drawn up to investigate the environmental and economic potential of all properties. Building fabric and infrastructure facilities are constantly being brought up to the latest state of technology through renovations and the heating systems shifted away from fossil fuels to renewables.

The reduction path seeks to halve the reported share of fossil fuels from around 64 percent of the yield-producing properties in German-speaking Switzerland at 31 December 2021 to 32 percent by 2030. On the current path this will not quite be hit, at 33 percent, so the company will need to take further action. Value-creating investments of at least CHF 60 million are planned by 2030 to achieve the reduction. The main way it will be possible to cut the share of fossil fuels even further out to 2050 will be by decarbonising the district heating networks.



Allreal partially offsets CO₂ emissions. Roughly 8,000 tonnes of CO₂ were offset by climate offset projects to recognised standards such as the Gold Standard and VSC certification in Europe and Africa in 2022, at a cost of around CHF 88,000. From 2023 onwards, operating CO₂ emissions will be calculated more accurately under the GHG Protocol, and the number of offset certificates adjusted.

Energy consumption and CO₂ emissions

GRI 302-1, 302-3, 305-2

Energy consumption and greenhouse gas emissions can be reduced by renovating buildings and by infrastructure in yield-producing properties. Facilities are also operated in a way that optimises energy as much as possible. By adopting this approach, Allreal ensures that the people inside the rented spaces are adequately comfortable while guaranteeing that the buildings are energy-efficient. For new-build projects that it develops in-house, Allreal applies high standards (such as Minergie-P) and uses future-oriented technologies.

There are three main drivers of energy consumption:

— **Environmental conditions**

As a significant proportion of the energy is required to heat the buildings, the environmental conditions during winter have a significant effect on consumption. The majority of changes in energy consumption are directly dependent on the accumulation of heating degree days.

— **Building operation and user behaviour**

In addition to basic energy consumption, the occupancy of a rental space is primarily relevant to consumption. Generally speaking, this cannot be directly influenced by the building owner.

— **Building fabric**

The buildings and related infrastructure are upgraded depending on when they were constructed or last renovated. As a rule, newer buildings account for lower specific energy consumption than older ones. This is where the greatest potential for reducing energy consumption and CO₂ emissions lies.

The reported energy consumption covers all yield-producing properties that were owned by Allreal in the financial year up to 31 December. Buildings that were not rented out during the reporting period owing to complete renovations or refurbishments are not included. Where properties were transferred to the portfolio of yield-producing properties during the reporting period, these are included in the energy figures for the first time if consumption data is available for an entire billing period. It is therefore possible that the number of properties with an energy evaluation is lower than the number of properties reported in the Annual Report. In the period under review, this also applies to properties that were transferred to the Allreal portfolio of yield-producing properties as a result of the acquisition of several companies in French-speaking Switzerland and whose energy consumption has not yet been fully recorded.

In 2022 there were 23 residential properties and 39 commercial properties with a total of 793,686 square metres of rentable space. This is two residential properties more and one commercial property less than the previous year. Rentable space rose 8,758 square metres.

Overall energy consumption fell 2.8 percent to 70.61 GWh in total. Energy intensity in 2022 was 89.0 kWh/m², compared to 99.0 kWh/m² the previous year. This is mainly due to the mild winter, which resulted in a year-on-year decline in heating degree days.

The components of energy consumption are as follows:

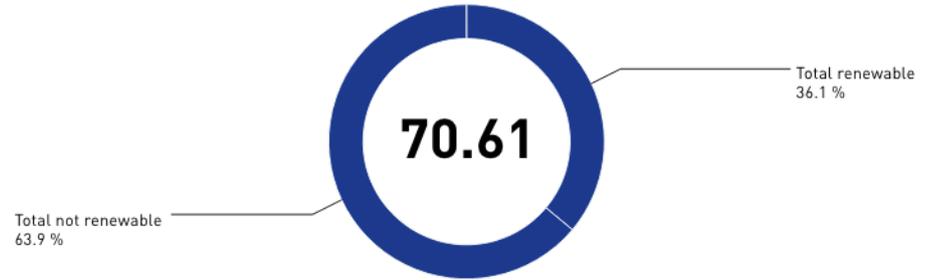
- Primary energy demand for room heating and electrical energy for heat pump systems
- Electrical energy used in the common areas and in general infrastructure, such as stairwells, corridors, lifts, cooling systems and ventilation systems

The consumption of electrical energy inside rented space is not taken into account. Tenants obtain this energy directly from suppliers.

Allreal has also been working since 2020 to improve the quality of the electrical energy it purchases. The proportion of electricity produced by hydropower in Switzerland was around 99.9 percent or 13,167,887 kWh in the year under review. Solar power and nuclear energy account for the remaining 0.1 percent.

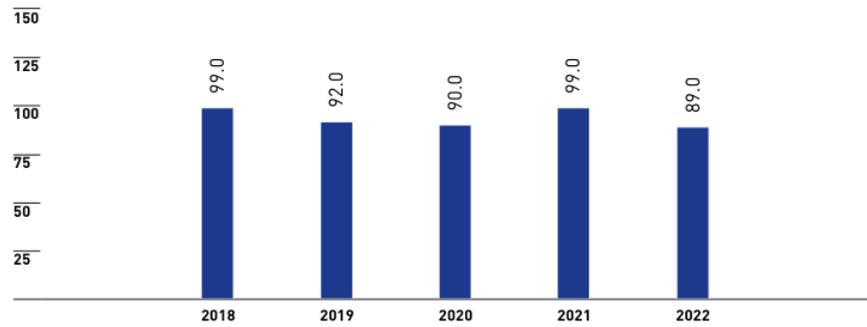
Energy consumption and CO₂ emissions were recorded in line with the KBOB/ecobau/IPB life cycle assessment data document "Ökobilanzdaten im Baubereich 2009/1:2016"/"Données des écobilans dans la construction 2009/1:2016".

Proportion of renewable energy
in GWh

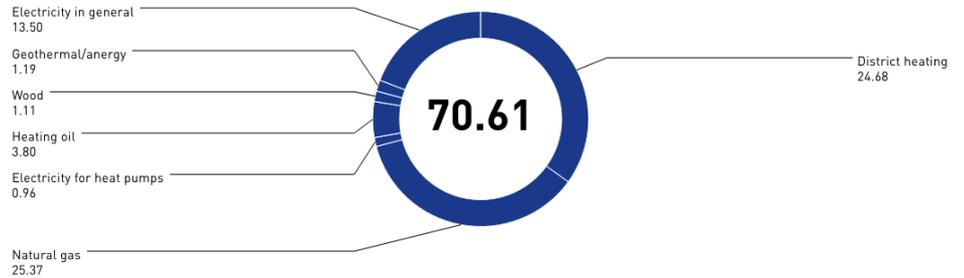


Total of 62 residential and commercial properties with a total rentable area of 793,686 m².

Energy intensity
in kWh/m² of rentable area



Overall energy consumption by source
in GWh



Total of 62 residential and commercial properties with a total rentable area of 793,686 m².

Recognition and calculation follow the same method as the recommendation for energy consumption in “Ökobilanzdaten im Baubereich 2009/1:2016”/“Données des écobilans dans la construction 2009/1:2016” by KBOB/ecobau/IPB. 62 residential and commercial properties covering a total of 793,686 square metres of rentable space are included. Consumption is recognised for fossil fuels in properties (Scope 1), purchase of district heating and electricity (Scope 2, market-based) and transmission and conversion losses (Scope 3.3).

Greenhouse gas emissions

Scope 1, Scope 2 (market-based) and Scope 3.3, in t CO₂ equivalent

9324

Greenhouse gas emissions

Scope 1, Scope 2 (market-based) and Scope 3.3, in kg CO₂ equivalent/m² of rentable area

11.8

Economy

Allreal covers the entire property value chain, from development and realisation to long-term property investment including portfolio management, building management and real estate management. Allreal strives to achieve qualitative growth, steady returns and a stable dividend policy for its shareholders. Thanks to the synergies that result from this, combined with financial strength and short decision-making paths, Allreal is in an excellent position in every respect.

Allreal builds value

Allreal endeavours to achieve a return comparable to a direct investment in property for its shareholders, allowing them to participate in the company's economic success. Up to 100 percent of the Real Estate division's operating net profit is distributed to shareholders. For 2022 the Board of Directors is proposing a distribution of CHF 7.00 per share, giving a distribution yield of 4.7%.

Since its flotation in 2000, Allreal has distributed a total of CHF 1.53 billion to shareholders.

Impact of climate change

GRI 201-2

In view of climate change and the more frequent and extended periods of heat, the demands on the yield-producing properties of Allreal are rising, especially in terms of building systems and insulation. The assumption has to be that older buildings in particular will need to be upgraded to meet these requirements in future if they are to remain optimally positioned in the market. As part of its property strategies, Allreal has identified all of the company's buildings in German-speaking Switzerland where this may be necessary and will be drawing up implementation plans in 2023, where these are not already in place. A rising demand for investment can be expected.

Several cantons have passed Energy Acts in connection with the Energy Strategy 2050 which amongst other things ban old-fired heating in buildings. Facilities already in operation may continue to be used until the end of their expected life. However, a more climate-friendly solution must be installed upon replacement at the latest. For Allreal this means more investment in the real estate portfolio in future, as alternative heating systems are generally more expensive up front. Over the full lifecycle though, the higher upfront costs are more than outweighed by lower running costs. There is also increasing customer demand for climate-friendly and even climate-neutral buildings, so these regulatory changes are opening up market opportunities as well for relevant products.

Thanks to its deliberate way of managing risk, solid finances and strong profitability, Allreal is well placed to steadily build value for the company in a way that is sustainable.

The most important operating and financial targets are defined as follows:

Distribution yield – share of the Real Estate division's net profit (excl. revaluation effect)	≤ 100%
Relative share performance – positive deviation from the SXI Real Estate Shares TR comparison index	> 0
Share of residential segment in total rental earnings	> 20%
Weighted average unexpired lease term (WAULT)	> 48 months
Gross margin third-party projects Projects & Development division	> 10%
Interest lock-in period for financial liabilities	> 48 months
Return on equity excl. revaluation effect	> 5%
Equity ratio	> 35%
Net gearing	< 150%
Interest coverage ratio	> 2.0
Share of debt relating to investment and development real estate	< 70%

Real Estate division

Active management and continuous expansion of the portfolio guarantee stable value creation for the company in the long term. Allreal has its own in-house management team, which manages around 70 percent of properties in terms of market value. In-house specialists in building management and building services provide advice on new builds right from the planning phase and also ensure an economic course of action in the operation of yield-producing properties.

With full and partial renovation work being performed on a regular basis, the economic age of a third of the portfolio is under ten years and around two-thirds of the portfolio has been modernised within the past 20 years.

With residential and commercial properties with a market value of around CHF 4.92 billion, Allreal has the third-largest property portfolio of all property companies listed on SIX Swiss Exchange.

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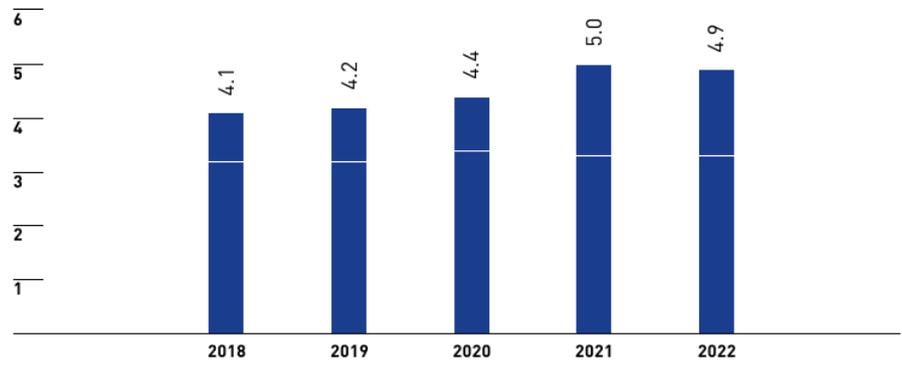
Society

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Appendix and index

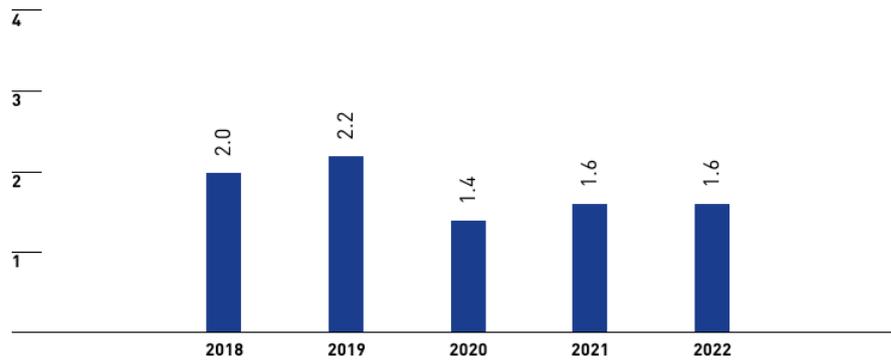
Market value of portfolio

in CHF billion



Portfolio vacancy rate

in % (cumulative from gross target yield)



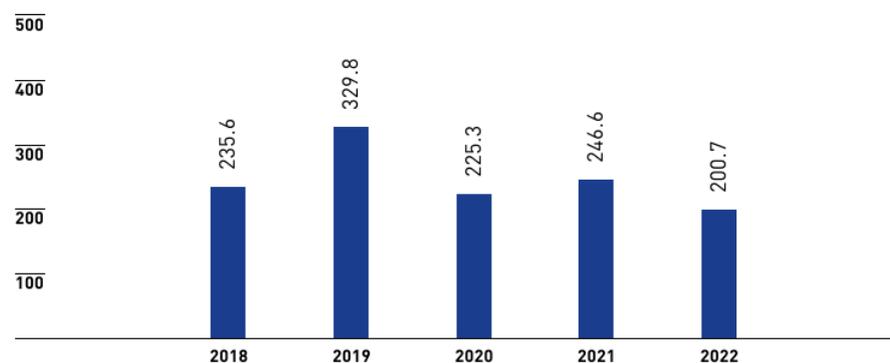
Projects & Development division

The Projects & Development division designs, plans and realises new builds of all sizes and levels of complexity from a single source for private and institutional investors and developers: from acquisition and use and cost analyses to the finished building with value creation that is sustainable in the long term. It also realises new builds, refurbishments and renovations for its own portfolio, with an increasing reliance on digital processes. Since 2020 the company has been using BIM to plan and realise all of its own projects and selected projects for third parties.

Other services include the initial letting of rental premises and the sale of residential property developed and realised in-house by Allreal.

Allreal operates solely in Switzerland. The investment properties are located predominantly in the economic centres of Zurich, Bern, Basel and the Lake Geneva region. The Projects & Development division provides its services at the sites on Glattpark, in Bern and in Geneva.

Allreal Group EBIT
in CHF million



Including revaluation gains

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Key figures for 2022 at a glance

		2022*	2021*	Change
		31.12.2022	31.12.2021	in % ¹
Total sales ²	CHF million	547.6	547.6	-2.5
Operating profit (EBIT) incl. revaluation gains	CHF million	246.6	246.6	-18.6
Net profit incl. revaluation effect ³	CHF million	182.6	182.6	-15.3
Operating profit (EBIT) excl. revaluation gains	CHF million	182.3	182.3	1.0
Net profit excl. revaluation effect ³	CHF million	133.3	133.3	7.2
Cash flow from operating activities	CHF million	133.3	164.4	-3.8
Return on equity incl. revaluation effect ³	%	7.3	7.3	-1.3
Return on equity excl. revaluation effect ³	%	6.5	6.5	0.2
Equity ratio on cut-off date	%	44.1	44.1	1.5
Net gearing ⁴ on cut-off date	%	103.7	103.7	-3.8

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2020 and 31.12.20191.

1 Changes in number and percentage values are shown as an absolute difference

2 Income from rental of investment real estate plus completed project volume in the Projects & Development division

3 Revaluation effects correspond to gains from the revaluation of investment real estate less deferred taxes on revaluation

4 Borrowings minus cash and marketable securities as a percentage of equity

Society

Efficient, capable and motivated employees are especially important for successful long-term business activity. Allreal pays all employees – regardless of whether they are full-time or part-time – fair salaries that do not discriminate based on gender and are in line with the market, and provides above-average social and fringe benefits.

Living space advisory board

In December 2022, as part of the ESG implementation strategy, Allreal set up the living space external advisory board (EBL). This has been tasked with assessing how Allreal projects have an impact on social issues, as a way of contributing to achieving the goals under the Allreal sustainability strategy. The intention is that it will focus on the way living space is designed, and in particular make qualitative statements on the layout of public and semi-public spaces. In addition to retrospective assessments of projects already realised, recommendations will also be issued for future projects, for instance when the project development team is putting studies out to tender. The EBL consists of three Allreal representatives (the CEO, the Head of Development and the Head of Sustainability), plus at least one external member. The chair is an external member.

Staff development

GRI 404

Allreal attaches great importance to the continuous internal and external training of its staff across all hierarchical levels, and generally covers all relevant costs incurred as well as working hours. This ensures that employees are up to date with their skills and in a position to do their job well. Proven and continually optimised processes and highly trained employees with experience in construction and working methods guarantee effective workflows and enable efficient application of new technologies.

Allreal employees underwent an average of 28.6 hours of training in 2022. The company invested a total of CHF 104,875 in internal and external training, equivalent to an average of CHF 438 per employee.

All employees are entitled to at least five weeks of annual leave. An attractive working time model with a set number of hours to be worked during the year also affords staff the flexibility to plan their own time. Allreal gives all employees with an office job the chance to work from home. With this flexible working time model the company helps to promote better work-life balance.

Employees receive a special gift for every five years of service, which can take the form of shares, annual leave allowance or a lump-sum payment. For employees in German-speaking Switzerland, Allreal also has its own pension scheme, which offers benefits above the national average. With effect from 1 January 2023, the employees of Allreal Romandie SA were given new employment contracts with terms closely based on those of Allreal Generalunternehmung AG. At the same time they also received a hugely improved insurance solution for their occupational pensions.

Since mid-2020 Allreal has offered staff who do not use a private car and take public transport a free annual season ticket for the entire public transport network in the canton of Zurich, or equivalent alternatives for Geneva, Bern and Basel.

Athletes Network

Since early 2020 Allreal has been supporting the Athletes Network organisation as part of implementing its ESG strategy. This seeks to assist elite athletes during, and especially after, their sporting careers as they move into the world of work, and puts them in contact with companies that have an appropriate offering. During the period under review Allreal provided internships to one former and one active athlete.

Employment

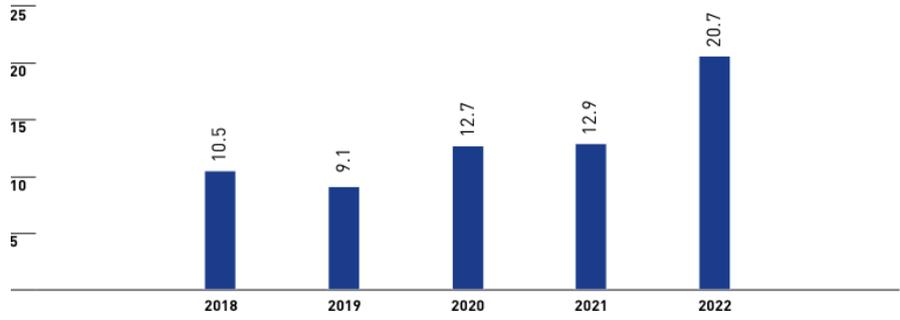
GRI 401, 405

All Allreal employees receive an annual evaluation of their performance combined with target setting for the following year. This standardised process is recorded digitally.

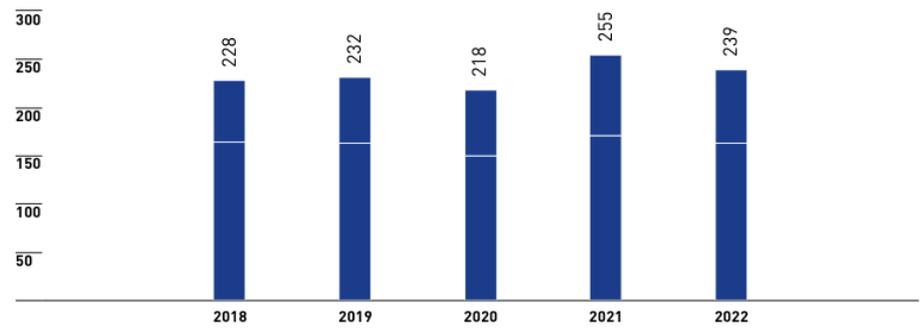
On 31 December 2022 the headcount stood at 239 employees, equivalent to 227 full-time equivalents. In addition, there were freelancers working for Allreal to the extent of 3.9 full-time equivalents. The percentage of women in the workforce is 31.8 percent and has been steadily increasing in recent years. This trend will be further encouraged in the coming years. The share of women on the Board of Directors has risen to 25 percent.

The turnover rate at Allreal was 20.7 percent in the year under review – up 7.8 percent on the previous year and above the long-term average. At Roof SA the turnover rate was 30.4 percent, down 4.4 percentage points. The reasons for this have been examined by Group Management and appropriate action will be taken in 2023 to reduce the figure.

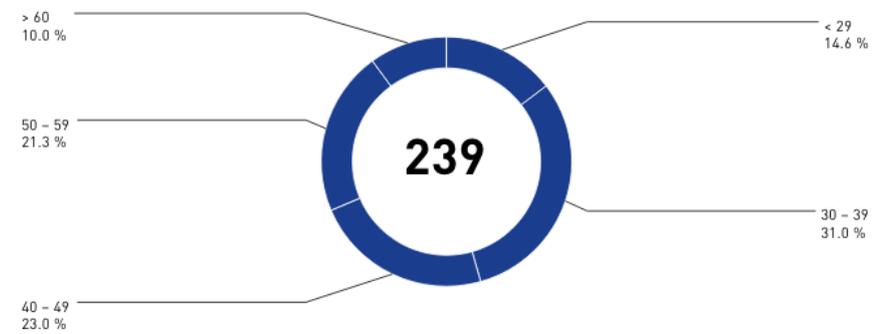
Turnover rate
in % of employees



Number of employees
persons



Employee age structure
percentage share



Workplace health and safety

GRI 403

Workplace safety is a top priority for Allreal, with a particular focus on construction sites. Project and site managers support and monitor contractors in planning and implementing all measures to prevent accidents. The Allreal quality management system provides them with various aids such as checklists and regulations for this purpose. They also ensure the visitors to construction sites are given safety equipment and briefed on the safety rules.

In office locations, the company medical service responds rapidly in cases of emergency. All employees who work on building sites or in the company medical service are given annual training on different safety issues so they are able to perform these tasks as well as possible. Since the system of safety audit monitoring was introduced in 2016, the company has halved the number of significant safety issues logged in each audit. The direct costs for workplace health and safety, including safety equipment, training and checks, amounted to CHF 11,415 in the period under review.

During the course of the year under review, the individuals responsible for workplace health and safety conducted a total of 12 unannounced site audits and recorded their findings. Points that had been criticised several times were discussed in detail at a project manager meeting in December 2022. There was no need for any follow-up inspections owing to serious shortcomings related to health and safety in the workplace. In total, there was a slight increase in the number of minor breaches at Allreal, but the number of serious shortcomings rose slightly at a very low level.

Allreal did not record any fatal or serious accidents on its construction sites in 2022. All in all, 11 people employed by Allreal or freelancers suffered minor injuries during working hours, equivalent to 4.6 percent of the workforce or 4.4 incidents per 200,000 hours worked.

Occupational accident incidents 2021

11

in 503,195 hours worked

Compliance

Integrated quality management

Allreal has a comprehensive and standardised quality and cost management system that is implemented consistently and updated regularly. The web-based database "Processes at Allreal for Quality" (PAQ) defines standards and processes, and provides all employees with tools such as regulations, templates and examples for their day-to-day work.

Procurement

As a total and general contractor, Allreal is liable for any failure to comply with minimum wage laws or the statutory working conditions offered by both contractors and all of their subcontractors in the supply chain. The high cost and time pressures so prevalent in the construction sector give rise to the risk of violations of labour and social security provisions. These not only involve quality risks, but also liability and reputation risks. Allreal strongly condemns illegal labour and wage dumping, and obliges all contractors to adhere strictly to the applicable provisions.

Allreal did not note any violations on its construction sites in 2022. The company takes a range of actions to minimise further the risk of violations of the Posted Workers Act, including, for example, strict contract terms, an ID requirement for construction workers and access checks on large construction sites. Allreal has developed the Qualiconstruct programme – a collaborative model in which it works in very close partnership with selected companies that are known for their excellent track record in terms of quality, cost-effectiveness, credit rating and innovative capacity. As at the end of 2022 a total of 49 companies in 16 employment categories had joined the programme. Individual company affiliations to Qualiconstruct are reviewed annually.

Allreal has also been working with the information system Informationssystem Allianz Bau (ISAB), which involves collaboration between employers and employees, since March 2020. This data-based electronic platform is supported by the major social partners in the construction and renovation sectors and maximises transparency surrounding contractors' compliance with minimum working conditions. Allreal requires all construction companies to register with ISAB before working with them. It remained committed to this cooperation in 2022.

During the period under review, Allreal awarded 99.4 percent of work in German-speaking Switzerland in terms of project volume to companies and suppliers based in Switzerland.

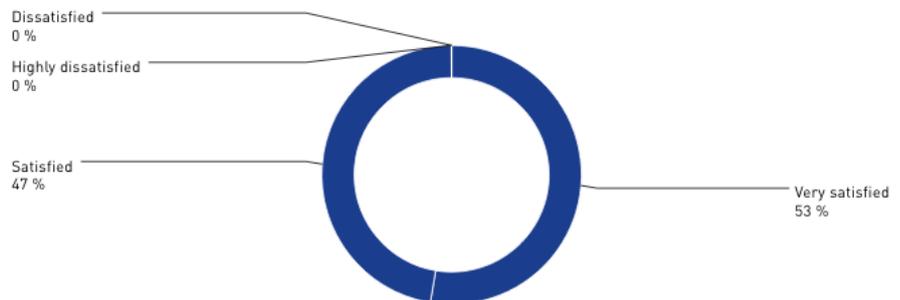
Allreal site managers, who are deployed on-site and present for the entire construction period, monitor and manage compliance with standards and laws as well as the quality of execution.

The company’s own service organisation ensures that any defects that occur after the building has been handed over to the client or owner are rectified in a fast and straightforward way. A specially developed, efficient online platform is available to those responsible for administering corrective action. Systematically recording the defects also guarantees that any clusters of defects are discovered and precluded in future as early as the planning stage.

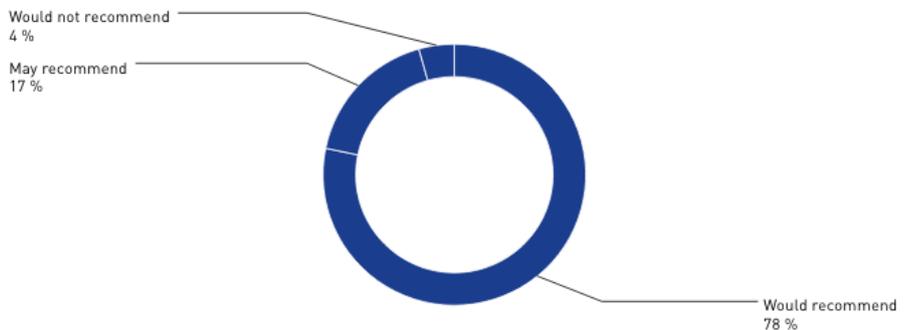
Customer surveys

Once construction work is complete, both customers who have purchased residential property from Allreal and a selection of building owners of third-party projects are given the opportunity to evaluate the company and make specific suggestions for improvement using a standardised questionnaire. 42 questionnaires were returned in 2022. In the overall assessment, 53 percent of developers of third-party projects were “very satisfied” with Allreal and the remaining 47 percent were “satisfied”. 78 percent of the customers who purchased residential property said they would recommend Allreal.

Customer satisfaction – developers of third-party projects
rating / percentage share



Customer satisfaction – buyers of residential property
rating / percentage share



In September 2022 the Real Estate Management department of the Real Estate division carried out its second representative customer survey of residential and commercial tenants, after the previous one in 2020. A total of 1,964 tenants were asked electronically about the service provided by the three departments: Real Estate Management, Portfolio Management and Building Management. The response rate was 25%, i.e. 486 questionnaires. The same ten questions on a scale from 1 to 4 were used as in 2020, to ensure comparability. Across all areas, the average total score was a pleasing 3.05.

Those questioned were also able to submit individual remarks. A total of 237 free-text fields were used. These provided additional valuable feedback on how to further improve services. The results were discussed with the relevant teams, and the necessary measures were initiated, which will be put into action over the course of 2023.

Allreal Code of Conduct

GRI 2-24, 205

The Code of Conduct, which is binding for the entire Allreal Group, outlines the business conduct expected of employees and business partners and defines the guidelines that must be respected and followed with no exceptions or limitations. It also stipulates the sanctions in the event of violations. All business activity is based on taking personal responsibility for observing ethical standards and strictly complying with all legislation relevant to the company.

The Code of Conduct came into force in 2018 and defines the following corruption risks as material and takes them into account: the award of planning and subcontracting services, the award of property management and facility management contracts, the acquisition of development properties, the acquisition of GC/TC contracts and the purchase/sale of yield-producing properties. All new employees are informed of the Code of Conduct. On the instructions of the Board of Directors and Group Management, all employees also receive annual compulsory training on a specific issue covered in the Code of Conduct; the issues may vary, depending on the level of management. During the year under review the subject for employees in German-speaking Switzerland was social media; those in French-speaking Switzerland were given a general introduction to the Code of Conduct.

Allreal Code of Conduct (PDF):

allreal.ch/fileadmin/user_upload/redakteure/ueber_allreal/allreal-gruppe/Code_of_Conduct.pdf

Whistleblower hotline

GRI 2-16, 2-27, 406, 418

Both employees and third parties who discover or suspect violations of applicable laws or the Code of Conduct are able to report these to a whistleblower hotline. Reports can be made using the online form on the Allreal intranet and the company website. Use of a third-party provider ensures whistleblowers always remain anonymous and information is kept confidential. The hotline ensures whistleblowers do not suffer any negative consequences from making contact.

No cases were reported in 2022.

In addition to the whistleblower hotline, which is happy to help third parties too, Allreal also works with the specialist Swiss centre addressing bullying and harassment in the workplace. The centre is on hand to advise employees and members of Group Management who are concerned about signs of bullying, sexual harassment and discrimination in the workplace, with anonymity maintained at all times. The last training session on this issue took place in October/November 2021. During the period under review, there were no reports of bullying, sexual harassment or discrimination in the workplace.

Swiss centre addressing bullying and harassment

No violations of the protection of customer data or freedom from discrimination were reported in 2022. Neither was Allreal sanctioned or fined in the period under review for failing to comply with social and economic legislation and regulations or failing to comply with environmental laws.

Group Management sends a standardised report the Board every quarter on relevant events that could potentially affect Allreal's business relationships or operating business.

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Stakeholders

Allreal wishes to enter into real dialogue with its stakeholders. To this end, the company has created and established various platforms over the last few years. These include regular conversations at management level with authorities and customers, engaging in industry bodies, customer satisfaction surveys, employee surveys and training sessions on the Code of Conduct, and ongoing discussions with suppliers and contractors in the two divisions. When the half-year results are announced, representatives of Group Management, normally the CEO and CFO supported by the Chief Communications Officer, meet with various players in the financial services industry and active and potential investors. Being in regular contact with and close to tenants, developers, suppliers and authorities is also an important part of successful business development for Allreal. ESG issues are constantly being raised. The members of Group Management pass on what they learn from these conversations and the tools mentioned to the quarterly meetings of the Board of Directors at an appropriate level and as relevant.

The most important stakeholders and the contact intervals are defined as follows, in alphabetical order:

Clients/customers	As and when required
Online surveys	
Meetings	
E-mail	
Telephone conversations	
Events	
Websites	
Contractors/suppliers	Frequently
Meetings	
Postal mail	
E-mail	
Telephone conversations	
Employees	Frequently
Intranet	
E-mail	
Events	
Surveys	
Online form for suggestions for improvement	
Whistleblower hotline	
Training	
Financial analysts/investors	Regularly
Events	
Webcast	
E-mail	
General public	As and when required
E-mail	
Webcast	
Postal mail	
Telephone conversations	
Events	
Government/authorities	As and when required
Meetings	
Postal mail	
E-mail	
Telephone conversations	

Media	As and when required
Media releases	
E-mail	
Telephone conversations	

Shareholders	Regularly
Reporting	
Annual general meeting	
Website	
Webcast	

Key topics

In dialogue with the most important stakeholders, the company has defined the following key topics for Allreal – most recently when setting out the sustainability strategy in 2021 and at the initial revision in summer 2022.

Environment

Allreal has and assumes environmental responsibilities. First, energy consumption and greenhouse gas emissions can and must be reduced by renovating buildings and infrastructure in yield-producing properties. Second, Allreal applies demanding standards and uses future-oriented technologies for new builds, especially those it develops in-house.

Employment

Allreal attaches importance to being an attractive employer. Given the current shortage of specialist staff in some of the professional groups employed at Allreal, it is important that the company's employees can develop further and receive support in the process. As a real estate company with its own Projects & Development division, the prevention of accidents is a top priority for Allreal. Freedom from discrimination, equal pay and equal opportunities are all put into practice at Allreal.

Compliance

Allreal treats its contractors, customers and partners as equals, acting as a fair and reliable negotiating partner. Compliance with the applicable rules and laws – especially provisions relating to labour and social security – is of particular importance to the company.

Economic performance

The company has been successfully operating in the Swiss real estate market since its flotation 20 years ago, generating stable, recurring returns for its shareholders. A large number of tenants, employees and contractors depend on its healthy financial performance. Allreal is convinced that the economic success of a company must be consistent with sustainable and responsible working practices.

GRI content index 2022

Allreal Holding AG has reported in accordance with the GRI Standards for the period 01.01.2022–31.12.2022.

GRI 1: Foundation 2021

No applicable Sector Standards available.

General disclosures	Disclosure	Location / Text	Reason for Omission	Explanation	
GRI 2: General Disclosures 2021	2-1	Organizational details	a. Allreal Holding AG b. 2022 Annual Report – Corporate Governance c. Legal HQ: CH-6340 Baar Operational HQ: CH-8152 Glattpark d. Switzerland		
	2-2	Entities included in the organization's sustainability reporting	2022 CSR – Environment 2022 CSR – Society		
	2-3	Reporting period, frequency and contact point	a. Calendar year, annual b. Calendar year, annual c. 01 March 2023 d. 2022 CSR – Contact		
	2-4	Restatements of information	No revisions have been made. Only comparisons were made with previous reports if the data collection was based on the same principles.		
	2-5	External assurance	This report has not been externally audited.		
	2-6	Activities, value chain and other business relationships	a. 2022 Annual Report – Business model and strategy b. 2022 CSR – Economy c. No other relevant business relationships d. 2022 Annual Report – Management report		
	2-7	Employees	2022 CSR – Society		
	2-8	Workers who are not employees			
	2-9	Governance structure and composition	2022 Annual Report – Organisation		
	2-10	Nomination and selection of the highest governance body	a. Articles of association and Corporate Governance Report b. Corporate Governance Report		
	2-11	Chair of the highest governance body	2022 Annual Report – Organisation		
	2-12	Role of the highest governance body in overseeing the management of impacts	2022 CSR – Appendix and index a. Corporate Governance Report and Organisational Regulations b. Corporate Governance Report c. Corporate Governance Report and Organisational Regulations		

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	2-13	Delegation of responsibility for managing impacts		
	2-14	Role of the highest governance body in sustainability reporting	2022 Annual Report – Corporate Governance	
	2-15	Conflicts of interest	2022 Annual Report – Corporate Governance	
	2-16	Communication of critical concerns	2022 CSR – Compliance	
	2-17	Collective knowledge of the highest governance body	2022 CSR – Appendix and index	
	2-18	Evaluation of the performance of the highest governance body	2022 Annual Report – Corporate Governance	
	2-19	Remuneration policies	2022 Annual Report – Compensation report	
	2-20	Process to determine remuneration	a. Compensation Report b. Minutes of AGM	
	2-21	Annual total compensation ratio	2022 Annual Report – Compensation report	
	2-22	Statement on sustainable development strategy	2022 CSR – Sustainability at Allreal 2022 CSR – Goals	
	2-23	Policy commitments	Code of Conduct of 9 December 2021:	
	2-24	Embedding policy commitments	2022 CSR – Compliance	
	2-25	Processes to remediate negative impacts	2022 CSR – Compliance	
	2-26	Mechanisms for seeking advice and raising concerns	ii.:2022 CSR – Compliance	
	2-27	Compliance with laws and regulations	2022 CSR – Compliance 2022 CSR – Society	
	2-28	Membership associations	– Verband der Immobilien-Investoren – Schweizer Verband für Wohnungswesen – Zürcher Hauseigentümergeverband – Forum Energie – Verein Minergie – Zürcher Studiengesellschaft für Bau- und Verkehrsfragen – Kulturmeile Zürich-West	
	2-29	Approach to stakeholder engagement	2022 CSR – Appendix and index	
	2-30	Collective bargaining agreements	0% of employees covered by collective agreements	
Material topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	2022 CSR – Appendix and index	

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	3-2	List of material topics	2022 CSR – Appendix and index		
Economic performance					
GRI 3: Material Topics 2021	3-3	Management of material topics			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	2022 CSR – Economy 2022 Annual Report – Annual accounts		
	201-2	Financial implications and other risks and opportunities due to climate change	2022 CSR – Economy		
	201-3	Defined benefit plan obligations and other retirement plans	2022 Annual Report – Notes to the consolidated financial statements		
	201-4	Financial assistance received from government	No financial assistance received from government		
Procurement practices					
GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Compliance		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2022 CSR – Compliance		
Anti-corruption					
GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Compliance		
GRI 205: Anti-corruption 2016	205-1	Communication and training about anti-corruption policies and procedures	2022 CSR – Compliance		
	205-2	Communication and training about anti-corruption policies and procedures	2022 CSR – Compliance		
	205-3	Confirmed incidents of corruption and actions taken	2022 CSR – Compliance		
Energy					
GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Environment		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	2022 CSR – Environment		
	302-2	Energy consumption outside of the organization	Omission	Information unavailable/incomplete	Beyond topic boundary as the reported energy consumption covers all yield-producing properties that were owned by Allreal in the financial year up to 31 December.
	302-3	Energy intensity	2022 CSR – Environment		
	302-4	Reduction of energy consumption	Omission	Information unavailable/incomplete	A system for comprehensive energy recording is being developed, but monitoring has not yet been fully implemented.

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	302-5	Reductions in energy requirements of products and services	Omission	Information unavailable/incomplete	Monitoring has not yet been fully implemented during the reporting period. Goals for sustainable energy management are established now.
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Emissions

GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Environment		
	305-1	Direct (Scope 1) GHG emissions	2022 CSR – Environment		
	305-2	Energy indirect (Scope 2) GHG emissions	2022 CSR – Environment		
	305-3	Other indirect (Scope 3) GHG emissions	Omission	Information unavailable/incomplete	Allreal has not collected data on its other indirect GHG emissions yet.
	305-4	GHG emissions intensity	Omission	Information unavailable/incomplete	A system for comprehensive energy recording is being developed, but monitoring has not yet been fully implemented.
	305-5	Reduction of GHG emissions	2022 CSR – Environment		
	305-6	Emissions of ozone-depleting substances (ODS)	Omission	Not applicable	Allreal does not import, export or emit significant amounts of ozone-depleting substances.
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Omission	Information unavailable/incomplete	A system for comprehensive energy recording is being developed, but monitoring has not yet been fully implemented.

Employment

GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Society		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	2022 CSR – Society		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	None. Identical company services and benefits for all employees		
	401-3	Parental leave	2022 CSR – Society		

Occupational health and safety

GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Society		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	2022 CSR – Society		
	403-2	Hazard identification, risk assessment, and incident investigation	2022 CSR – Society		

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	403-3	Occupational health services	2022 CSR – Society		
	403-4	Worker participation, consultation, and communication on occupational health and safety	2022 CSR – Society		
	403-5	Worker training on occupational health and safety	2022 CSR – Society		
	403-6	Promotion of worker health	Omission	Not applicable	Allreal operates exclusively in Switzerland, where the entire population already has access to high-quality health services.
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2022 CSR – Society		
	403-8	Workers covered by an occupational health and safety management system	2022 CSR – Society		
	403-9	Work-related injuries	2022 CSR – Society		
	403-10	Work-related ill health	Omission	Not applicable	No work environment that could cause the described work-related diseases.
Training and education					
GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Society		
GRI 405: Diversity and Equal Opportunity 2016	404-1	Average hours of training per year per employee	2022 CSR – Society		
	404-2	Programs for upgrading employee skills and transition assistance programs	2022 CSR – Society		
	404-3	Percentage of employees receiving regular performance and career development reviews	2022 CSR – Society		
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Society		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	2022 Annual Report/ Organisation		
	405-2	Ratio of basic salary and remuneration of women to men programs	2022 CSR – Society		

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Non-discrimination			
GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Compliance
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	2022 CSR – Compliance
Customer privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	2022 CSR – Compliance
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2022 CSR – Compliance

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