



Swiss Life Asset Managers’ Responsible Investment approach

September 2023



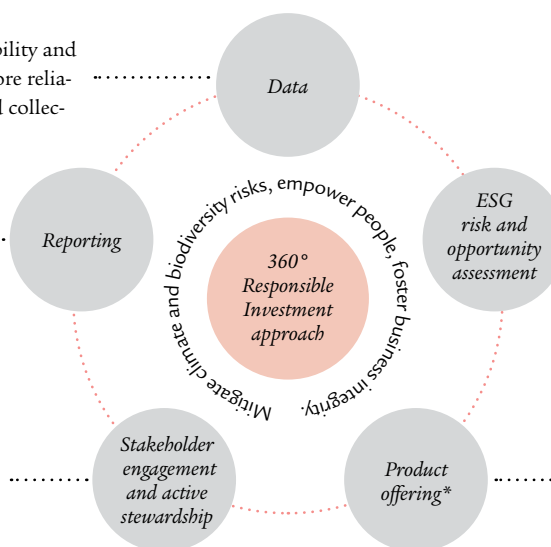
Our responsible investment approach is built on the core values of fiduciary duty, intergenerational responsibility, and active stewardship. Led by these core values Swiss Life Asset Managers’ ambition is to be a leading address for sustainability on the market and to provide solutions designed to help customers achieve their goals and enact their choices by creating sustainable economic value. Swiss Life Asset Managers’ aim is to deliver a credible, robust and transparent responsible investment approach. For this purpose, a stringent set of rules was developed to ensure credibility and transparency in our product offering*.

Swiss Life Asset Managers’ Responsible Investment approach

Continuously work on ESG data availability and quality. Advocate for and implement more reliable and comprehensive data sources and collection practices.

Demonstrate our ESG achievements while increasing transparency by participating in various reporting standards on both company and fund levels, thereby increasing the information for investors.

Improve active stewardship practices through engagement with investments, companies and tenants. Foster the exchange of information and thereby take an active role in our engagement.



Manage sustainability risks and opportunities by assessing negative externalities, their consequences, and further risks related to the assets. Assess and mitigate climate risks of our portfolios and new acquisitions in order to increase physical climate risk resilience, avoid stranded assets.

Aim to become an address for responsible investment by improving the current product offering and new innovative funds.

*It is only relevant for actively managed products and not for passive investments (i.e. index replication strategies)

Rapidly evolving ESG regulations, heterogeneous sustainability offerings and growing ESG demand call for more transparency and have led Swiss Life Asset Managers to create a clear and stringent rule-based responsible investment approach.

This set of rules translates Swiss Life Asset Managers' interpretation of best market practices in terms of ESG and Sustainable Impact definition and complies with current EU and local regulatory frameworks in the relevant operating markets.

Sustainability categories of products

To provide clarity to customers with regard to their sustainability preferences, Swiss Life Asset Managers has classified its product offering into three distinctive categories: Traditional, ESG and Sustainable Impact products. Each of these categories has its own set of requirements, some of which are common across all categories, while others are category-specific, but the overall stringency of those requirements increases from one category to the next.

The rules in a nutshell

The rules are divided into three layers. The first layer, "Exclusions", is intended to mitigate the risk of a negative financial impact that could be derived from specific sectors. Furthermore, it is intended to mitigate the reputational risk that could be associated with the violation of international standards or principles.

The second layer, "Sustainability Safeguards", is intended to mitigate the tail risk from a double materiality perspective in the investable universe while ensuring robust ESG coverage of the portfolio.

The third layer, "Significant Approach", characterises the ESG or Sustainable Impact objective that is promoted by the product. The significant approach is defined with clear and measurable metrics allowing transparent reporting on the achievement of the products' objectives.

While exclusions are applied across Swiss Life Asset Managers' product range, sustainability safeguards and significant approach only apply to ESG and Sustainable Impact products. Moreover, for the Sustainable Impact product category, the level of stringency of the last two layers increases compared to the ESG product category, making it the most advanced product category in terms of sustainability.

While all asset classes (Equities, Corporate bonds, Sovereign, Real Estate and Infrastructure) follow the principles of this three-layered rules-based approach, the technical criteria may differ to accommodate asset-class specificities.

For multi-asset portfolios, the rules (as defined by the product's category) related to "exclusions" and "sustainability safeguards" apply for each relevant asset class, while the portfolio needs to apply a significant approach at least for the most prominent asset class.

Swiss Life Asset Managers product categories



Criteria for assignment of products to sustainability categories

All asset classes	Traditional	ESG	Sustainable Impact
Objective and strategy of the product			
The product aims to generate a return	●	●	●
The product aims to meet ESG goals in addition to the return	×	●	○
The product aims to generate real-world sustainable impact	×	○	●
SFDR disclosure*	Art. 6	Art. 8	Art. 9
The product name contains		ESG	Sustainable and/or Impact
MiFID II/ IDD sustainability preferences*			
Focus on sustainable investments	×	○	●
Focus on environmentally sustainable investments (EU taxonomy-aligned)*	×	○	●
Objective to address the principal adverse sustainable impacts (PAIs)*	×	●	●
Regulatory and marketing reporting			
Product-level ESG-KPI reporting	×	●	●
SFDR Art. 11 integrated in annual report*	×	●	●
SFDR Art. 10 disclosure published (homepage disclosure)*	×	●	●

Corporate Bonds/Listed Equities	Traditional	ESG	Sustainable Impact
Exclusions			
Regulatory exclusions (e.g. controversial weapons and sanction lists)	●	●	●
Sectorial exclusions (e.g. thermal coal)	●	●	●
Normative exclusions (e.g. UN Global Compact)	●	●	●
Sustainability safeguards			
Minimum ESG coverage ratio	○	●	●
Exclusion on ESG score and controversies	○	●	●
Objective to address the principal adverse sustainable impacts (PAIs)*	○	●	●
Active stewardship	●	●	●
Significant approach			
Setting and monitoring significant ESG objectives	×	●	○
Ambitious and measurable real-world Sustainable Impact objectives	×	×	●

× = not allowed ○ = optional ● = obligatory

*only applies for EU/EEA domiciled products

Sovereign Bonds	Traditional	ESG	Sustainable Impact
Exclusions			
Sanctioned countries (EU, US, etc.)	●	●	●
FATF high-risk countries	●	●	●
Internal compliance exclusion list	●	●	●
Sustainability safeguards			
Governance safeguards (e.g. Freedom Index)	○	●	●
Social safeguards (e.g. child labour)	○	●	●
Environmental safeguards (e.g. GHG emissions)	○	●	●
Significant approach			
Significant ESG strategy (e.g. warming potential or SDGs)	×	●	○

Direct Real Estate	Traditional	ESG	Sustainable Impact
Exclusions			
Regulatory exclusions (e.g. controversial weapons and sanction lists)	●	●	●
Sustainability safeguards			
Minimum ESG data coverage in place	○	●	●
PAI thresholds on portfolio level (higher requirements level for Impact products)*	×	●	●
Significant approach / ESG strategy			
Monitoring of relevant ESG KPIs and definition of corresponding targets (higher requirement level for Impact products)	○	●	●
Major share of sustainable investments (taxonomy-aligned where available)*	×	○	●

Infrastructure Equity	Traditional	ESG	Sustainable Impact
Exclusions			
Regulatory exclusions (e.g. controversial weapons and sanction lists)	●	●	●
Sectorial exclusions (e.g. handling or burning of thermal coal, oil & gas exploration and production)	●	●	●
Sustainability safeguards			
Mandatory ESG assessment, part of investment due diligence	●	●	●
DNSH assessment*	×	○	●
Significant approach / ESG strategy			
Monitoring of ESG KPIs and direct engagement with management or co-investors to improve ESG standards	○	●	●
Taxonomy alignment target*	×	○	●

× = not allowed ○ = optional ● = obligatory
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Swiss Life Asset Managers – a reliable European Asset Manager

Swiss Life Asset Managers has more than 165 years of experience in managing the assets of the Swiss Life Group. This insurance background has exerted a key influence on the investment philosophy of Swiss Life Asset Managers, which is governed by such principles as value preservation, the generation of consistent and sustainable performance and a responsible approach to risks. Swiss Life Asset Managers offers this proven approach to third-party clients in Switzerland, France, Germany, Luxembourg, the UK, Italy and the Nordic countries.

As at 30 June 2023 assets under management for third-party clients amount to EUR 114,8 billion. Together with insurance assets for the Swiss Life Group, total assets under management at Swiss Life Asset Managers stood at EUR 265,8 billion. Swiss Life Asset Managers is a leading real estate manager in Europe¹. Of the assets under management, EUR 91,7 billion is invested in real estate. In addition, Swiss Life Asset Managers, in cooperation with Livit, manages real estate totalling EUR 21.6 billion in value. Total real estate assets under management and administration at the end of June 2023 thus came to EUR 113,3 billion.

Swiss Life Asset Managers employs more than 2200 people in Europe.

 **EUR 265,8 bn**

Assets under
management

 **EUR 113,3 bn**

Total real estate assets under
management and administration

 **>165 years**

Knowledge and experience
in risk management

All figures as of 30.06.2023; ¹INREV Fund Manager Survey 2023 (AuM as of 31.12.2022)

Additional information

- How does Swiss Life Asset Managers specifically integrate sustainability aspects into its investment decisions?
- How has Swiss Life Asset Managers anchored the topic of sustainability in its organisational structures?
- What investment-specific case studies can be found in the Responsible Investment Report?

You can find this and other information on the topic of sustainability in the investment process at Swiss Life Asset Managers by clicking on this link: www.swisslife-am.com/responsible-investment

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