Swiss Life
Asset Managers

Responsible Investment Report 2022

Insights into our ESG investment initiatives

Foreword

Dear readers,

The year 2022 was a daunting one, with multiple layers of challenges. More than three decades after the fall of the Iron Curtain, we have seen one of the most significant war outbreaks leading to a humanitarian tragedy in Ukraine. On top, pandemic-related challenges, inflation, energy shortages and affordability issues, as well as bottlenecks in the supply chain have weighed negatively on economic activities across the globe. These events have not only challenged investment markets but have also posed questions about the pace of the net-zero economy transition. As the economy still majorly depends on fossil fuels, the transition progress might slow down to some extent since some carbon-intensive fuels are being reactivated. Yet, the shortages also increase prompt efforts to adopt clean energies that could accelerate the uptake of green energies in the medium to long term.

Amid those challenges, Swiss Life Asset Managers remains committed to seize investment opportunities for its clients while contributing to a transition to a low-carbon and sustainable economy. Our efforts to integrate environmental, social and governance (ESG) factors into the investment practices have continued to advance in the past year. In our latest Responsible Investment Report 2022, we present how our key responsible investment initiatives of our current strategy cycle “Swiss Life 2024” have evolved and provide new insights into how we manage ESG factors for each of our main business areas (real estate, infrastructure, securities).

One of our important targets is decreasing the carbon intensity for our directly held real estate portfolio by 20% by 2030 compared to 2019. We achieved 95% of the targeted CHF 2 bn investments into green bonds and joined the Net Zero Asset Managers initiative (NZAMi) to support the global goal of net-zero greenhouse gas (GHG) emissions by 2050.

We continued to invest in our ESG governance and building ESG expertise by creating and filling the Head Engagement and Stewardship position, working on an ESG engagement committee, extending our ESG training resources and starting to set up ESG research studies inhouse and in collaboration with top tier research institutions, among others.

To make our responsible investment efforts tangible, we highlight in this year’s report how we incorporate environmental aspects in our real estate risk management framework. We provide examples for ESG investing in infrastructure and for securities, we give insights into our Sustainable Finance Disclosure Regulation (SFDR) rule book to illustrate our sustainability safeguard approach.

At Swiss Life Asset Managers, we see the recent energy shortages as a potential to accelerate the transition of economies towards clean energy. Significant investments from the public and private sector are still necessary. We will continue to work hard to contribute as an asset manager to make the transition happen while also accounting for social and other sustainability-related aspects in the transition phase. Our latest Responsible Investment Report 2022 provides hands-on insights into our processes to achieve those goals.

Stefan Mächler
Group Chief Investment Officer Swiss Life

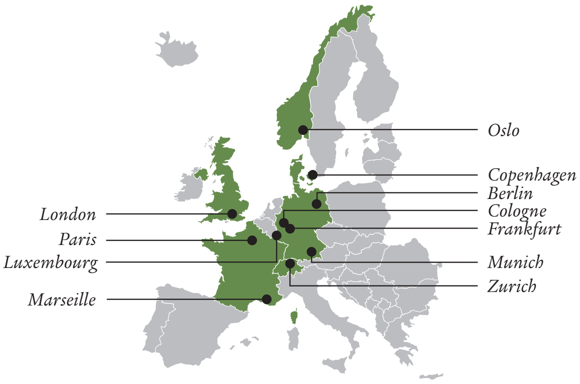
Glossary

AuM	Assets under Management
ASPIM	Association française des Sociétés de Placement Immobilier
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CIO	Chief Investment Officer
COP	Conference of Parties
CRREM	Carbon Risk Real Estate Monitor
EASA	European Union Aviation Safety Agency
ESG	Environmental, social and governance
EU	European Union
FNG	Forum Nachhaltige Geldanlagen
FTE	Full-time equivalent
GDP	Gross Domestic Product
GHG	Greenhouse gas
GRESB	Global Real Estate Sustainability Benchmark
ICMA	International Capital Market Association
ICGN	International Corporate Governance Network
IEA	International Energy Agency
IIGCC	Institutional Investors Group on Climate Change
MiFID	Markets in Financial Instruments Directive
NZAMi	Net Zero Asset Managers initiative
PAI	Principal Adverse Impact
PAM	Proprietary Insurance Asset Management
PRI	Principles for Responsible Investment
RTS	Regulatory Technical Standards
SDG	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SSF	Swiss Sustainable Finance
TCFD	Task Force on Climate-related Financial Disclosures
TPAM	Third Party Asset Management
UN	United Nations
UNGC	United Nations Global Compact
VDS	Voting Disclosure Service

Contents

Swiss Life Asset Managers 2022 at a glance

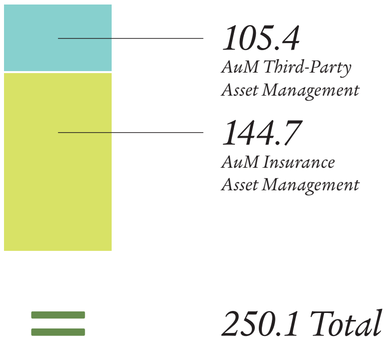
Strong footprint in Europe – our key locations



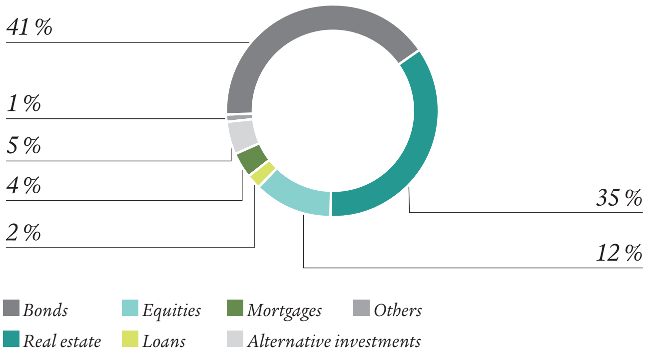
24 locations in Europe

Assets under Management

(in CHF bn)



Assets under Management* breakdown by asset classes



*Total AuM Insurance Mandates and third-party clients

Net new assets from third-party clients

(01.01.2022 – 31.12.2022)

9.8

(in CHF bn)

What sets us apart

Among the top 3 Institutional Asset Managers
in Switzerland*

A leading real estate manager
in Europe**

One of the largest Asset Managers
of corporate bonds in Switzerland

Strong ALM investment expert
for pension schemes and insurance companies

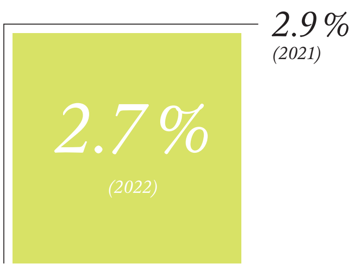
Risk-based investment philosophy for
over 165 years

Combining quantitative and qualitative
Risk and Asset Management

*IPE Survey 2022 Top 500 Asset Managers (AuM as of 31.12.2021)
**INREV Fund Manager Survey 2022 (AuM as of 31.12.2021)

Net investment result

(Insurance Portfolio)



Employees

All figures as of 31 December 2022 unless stated otherwise.
Sums are based on unrounded figures and may not add up due to rounding differences.

Follow us on LinkedIn, Twitter and XING.

www.swisslife-am.com

Responsible investment achievements

Responsible investment achievements for our three main ESG pillars.

FIDUCIARY DUTY (economic responsibility, corporate governance)

82%	40	97
Investment and Stewardship Policy score accredited by PRI[1]	FTEs fully dedicated to ESG	ambassadors across organisation with 15% contribution to ESG

INTERGENERATIONAL RESPONSIBILITY (serve present needs by preserving resources and environment for future generations)

Real estate

- 63% AuM of real estate investments submitted to GRESB[2], and Green Star rated
- 77% PRI score[1]
- Carbon intensity of Proprietary Insurance Asset Management (PAM) in 2021: 20 kg CO_2e/m^2 *(20% reduction targeted from 2019 to 2030)*[3]

Infrastructure

- 43% AuM of infrastructure investments submitted to GRESB
- 3,860 GWh of power produced from renewable sources
- 70% PRI score[1]

Securities

- CHF 0 invested in companies deriving more than 10% of their revenues from thermal coal
- Carbon intensity[4] of Proprietary Insurance Asset Management (PAM)
  - Government bonds 176 t CO_2e/mUSD GDP[5]
  - Corporate bonds 133 t CO_2e/mUSD sales
  - Equities 146 t CO_2e/mUSD sales
- CHF 1.9 bn invested in green bonds[6] *(95% of targeted CHF 2 bn by 2023)*
- PRI scores[1]:
  - 85% for SSA[7] bonds
  - 86% for corporate bonds
  - 77% for listed equity active quantitative incorporation

ACTIVE STEWARDSHIP (dialogue with stakeholders and organisations)

157	301	10%	14
ESG engagements among infrastructure assets[8]	Total attendance of 301 in annual general meetings	In almost 10% of all votable agenda items, we did not follow the management's proposition	Membership of 14 sustainability associations[9]

1 The assessed topics of the scores can be found in the full PRI assessment and transparency reports (see swisslife-am.com/pri-assessment). The PRI accreditations are based on 2020 reporting figures. The Strategy and Governance accreditation as well as scope of ESG integration strategy figures as shown in the 2021 Responsible Investment Report are no longer provided by PRI.
2 Global Real Estate Sustainability Benchmark.
3 Due to improved methodology to calculate carbon intensities, the 2019 carbon intensity of the real estate PAM portfolio of 26 kg CO_2e/m^2 as shown in the Responsible Investment Report 2021 changed to 20 kg CO_2e/m^2.
4 Scope 1+2 intensity.
5 Gross Domestic Product.
6 Green, social and sustainable bonds.
7 Sovereign, supranational and agency.
8 Examples of ESG engagements include triggering a GRESB rating or encouraging investees to set up ESG policies to monitor greenhouse gas emissions. Compared to the Responsible Investment Report 2021, the 2022 figure includes two additional categories of funds, which were integrated into Swiss Life Asset Managers in 2022. For the funds as included in 2021 (71 engagements), the number of engagements increased to 116 in 2022.
9 PRI, SSF, TCFD, GRESB Real Estate, GRESB Infrastructure, FNG, CDP, ICGN, IIGCC, Climate Action 100+, Swiss Climate Foundation, ASPIM, NZAMi, FIR.

Swiss Life Asset Managers' ESG roadmap

Built upon our core pillars of fiduciary duty, intergenerational responsibility and active stewardship, sustainability is embedded in our current strategy programme "Swiss Life 2024". The sustainability components of the programme systematise our approach of integrating ESG factors into our responsible investment processes. We continued to progress in achieving our targeted milestones across our business units and challenged ourselves with new ESG initiatives.

For over 165 years, Swiss Life Asset Managers has managed the assets of the Swiss Life Group and of institutional and private clients. As a European investor and asset manager, we bear a responsibility to both society and the environment, in addition to our fiduciary duty to our clients. We believe that by evaluating environmental, social and governance (ESG) criteria along with financial metrics and risk factors, we achieve a more sustainable outcome over the long term and consequently enhance the quality of our investment portfolios.

Real estate and infrastructure

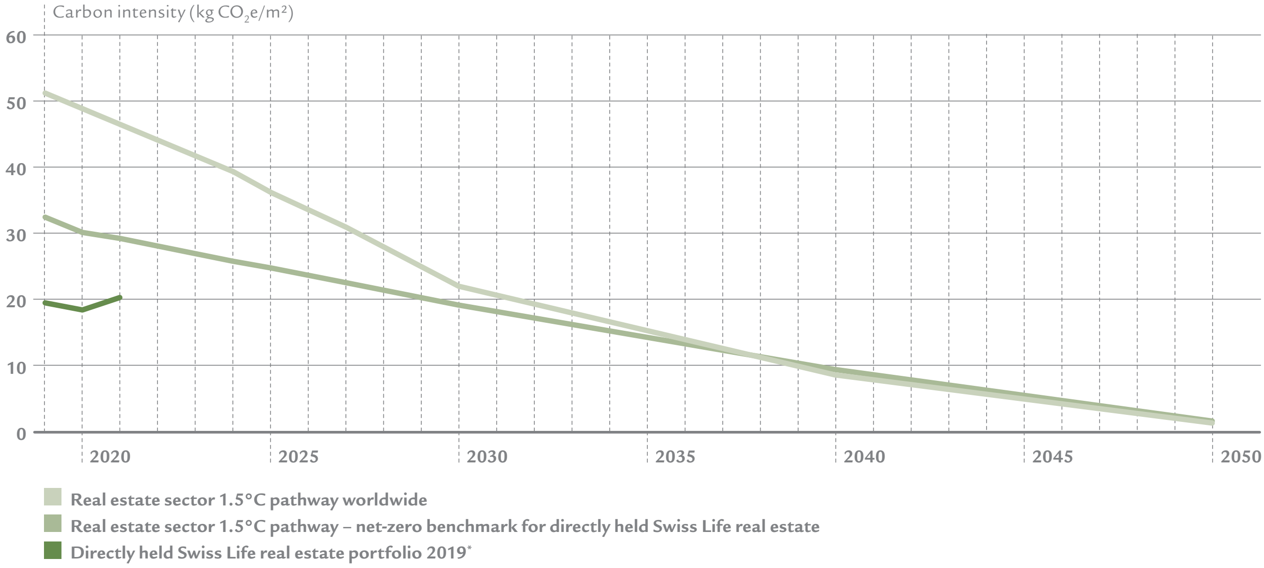
Sustainability is an integral part of our current corporate programme "Swiss Life 2024". One of the key targets of the programme is to reduce carbon intensity by 20% by 2030 compared to 2019 for our directly held real estate portfolio (PAM). To achieve this target, Swiss Life Asset Managers aims to invest CHF 2 billion in its real estate assets. By the end of 2021, the carbon intensity of the real estate PAM portfolio was 20 kg CO_2e/m^2, while in 2020 and 2019, it was 18 kg CO_2e/m^2 and 20 kg CO_2e/m^2, respectively[10] (see figure on p. 9). The carbon intensity changes are due to fluctuations in the energy consumption and our ongoing efforts to increase data coverage, among others.

In the reporting year 2022, Swiss Life Asset Managers also continued to progress with the real estate product GRESB[11] submissions. We participated with 28 real estate funds and investment vehicles in the GRESB Sustainability Benchmark, covering 63% AuM of real estate investments. All 28 products received the Green Star, whereby six funds were submitted for the first time. For infrastructure, we submitted two funds (43% AuM of infrastructure investments) and achieved 85 and 92 points (out of 100), respectively, proving their very good sustainability performance. In 2022, our infrastructure assets generated 3,860 GWh of power from renewable sources, an increase of 29% compared to the 2021 figure.

10 Due to improved methodology to calculate carbon intensities, the 2019 carbon intensity of the real estate PAM portfolio of 26 kg CO_2e/m^2 as shown in the Responsible Investment Report 2021 changed to 20 kg CO_2e/m^2.

11 GRESB is a leading organisation in monitoring the ESG performance of real estate and infrastructure funds and companies. Following a holistic approach, GRESB includes general and qualitative assessments as well as more quantitative-based performance indicators in their assessments, which covers analyses of water and energy consumption, greenhouse gas emissions and waste management, among others.

Carbon intensity reduction path in directly held real estate portfolio (PAM)



* Data coverage for the carbon intensity of the PAM real estate portfolio directly held by Swiss Life corresponds to 76% of the floor area in 2019, 74% in 2020 and 63% in 2021. The greenhouse gas emissions of office buildings used by the company are included in operational ecology and are excluded from the calculation of the carbon intensity values.

Source: Swiss Life Asset Managers

Securities

For securities, a key target of the "Swiss Life 2024" programme, and in line with the International Capital Market Association (ICMA) Principles, is to invest CHF 2 bn in green, social and sustainable bonds until 2023. By the end of 2022, we already achieved CHF 1.9 bn in investments. Swiss Life Asset Managers further continues to refrain from investments in companies that derive more than 10% of their revenues from thermal coal. In the reporting year, we ran a thorough revision of our internal ESG rules and processes for our funds to comply with the latest developments related to SFDR and Regulatory Technical Standards (RTS) regulations and standards (see chapter "Proprietary Principal Adverse Impact (PAI) scoring model and ESG Rule Book for Securities").

Engagement

Taking our responsibility for active stewardship, we increased our attendance in annual general meetings from 283 in 2021 to 301 in 2022. In almost 10% of the votable agenda items, we did not follow the management's proposition. For infrastructure, we engaged 157 times with our investees (e.g., triggering GRESB rating, initiating a new ESG policy or implementing processes). In addition to our continuous dialogue with our investees, we expanded partnerships with sustainability associations. In the reporting year, Swiss Life Asset Managers became a member of the Net Zero Asset Managers initiative (NZAMi) to support the global goal of net-zero greenhouse gas (GHG) emissions by 2050 and promote investment measures that are aligned with that goal. This includes the obligation to set targets for the share of assets that is managed in line with the goal of net-zero emissions by 2050 or sooner, providing clients with further information and analysis on net-zero investing and publishing TCFD[12] disclosures, among others[13].

ESG research and innovation

Swiss Life Asset Managers has challenged itself with several research activities to advance innovation of its asset management processes. In 2022, we laid out the base for systematic collaborations with world-class universities and research institutions on ESG-specific topics for all three main business areas. The collaborations include joint research studies, education and training, as well as student projects advised by our experts, among others. Strengthening the link with academic and other research institutions facilitates innovation in our processes and contributes to ESG knowledge transfer between our employees and academia. The increased exchange helps to better inform research institutions about the research need by our business units and to stay informed about the latest ESG research first hand. Besides, the collaborations are a great opportunity for liaising with talents.

Some of our key research questions are how we can make real estate portfolios climate resilient, how we can identify ESG leaders and laggards with natural language processing and how Behavioural Economics can help fostering sustainability investments. Crucial in all our research ambitions is that they target hands-on solutions to latest ESG business challenges. For our Behavioural Economics project, for example, we try to understand how the presentation of investment product information affects investors' ability to translate their sustainability preferences into sustainability decisions, such as ESG investments.

After running the research studies, we strive to disseminate the findings across all employees to foster innovation in our products and processes. To facilitate this, we leverage our ESG Ambassadors platform (see chapter "ESG governance and employee engagement"), where appointed ESG experts can inform themselves in more detail about the results to further spread the know-how to their team colleagues and integrate the newly acquired know-how into their daily work.

12 See also Swiss Life TCFD report, climate-related disclosure, March 2022.
13 Net Zero Asset Managers initiative, Net Zero Asset Managers Commitment, https://www.netzeroassetmanagers.org/commitment

Case studies

Case study on eco-campus Paris West: balancing workspace and sustainability

As a current and iconic example backed by Swiss Life Asset Managers, an office campus fit for a low-carbon future is fast taking shape on the edge of Europe's largest purpose-built business district. The eco-campus Paris-West is a complex of four buildings, meeting best-in-class environmental standards and set in landscaped grounds in La Garenne-Colombes, a Paris suburb extension of La Défense, the capital's business quarter. The future-proof development will have several environmental and social certifications such as Breeam [14], HQE Excellent [15], E+C- [16] BiodiverCity [17], WiredScore Gold [18] including many beneficial features:

Low-carbon footprint: The campus will be heated and cooled with 100% renewable energy of which approximately 70% is produced on site (geothermal and photovoltaic).

Excellent transport links: The nearby T2 tramway will connect people to La Défense in six minutes from the city centre, and the site is a short walk from two rapid transit lines due to open soon on the new Grand Paris Express network.

Comfort and wellbeing: The campus will provide comfortable and adaptable workspaces within a 16-hectare green and pleasant landscaped park, with provision for facilities such as a sports hall, nursery, restaurants and shops to be added.

Rendering of eco-campus Paris-West. *Source: Nexity*

14 Building Research Establishment Environmental Assessment Methodology.
15 HQE™ is a French certification awarded to building construction and management as well as urban planning projects. The certification promotes best practices, sustainable quality in building projects and offers expert guidance throughout the lifetime of the project.
16 E+C- is a French experimental label launched at the end of 2016 by the French Ministry of the Environment, with the aim of foreshadowing the Environmental Regulation 2020 (RE 2020). The BiodiverCity® label assessess and rates the performance of construction projects that take biodiversity into account.
17 The BiodiverCity® label assessess and rates the performance of construction projects that take biodiversity into account.
18 WiredScore Gold ensures that a building has the connectivity capacity for virtually any tenant.

ESG governance and employee engagement

At Swiss Life Asset Managers, we are convinced that the knowledge and skills of our employees are the foundation to make ESG a part of our corporate DNA. That is why we invest heavily in their training and development, prioritising sustainability to further strengthen ESG know-how and an inclusive culture across our locations and business units.

Two key reasons for the success of our responsible investment efforts are our sound ESG governance body and engagement with our employees. Our governance body not only sets the strategic ESG goals and translates those into specific initiatives, but also builds and transmits ESG expertise across the whole entity. In the reporting year, we continued enhancing our ESG governance with the new position Head Engagement and Stewardship who will oversee and streamline the dialogue with stakeholders across all business areas.

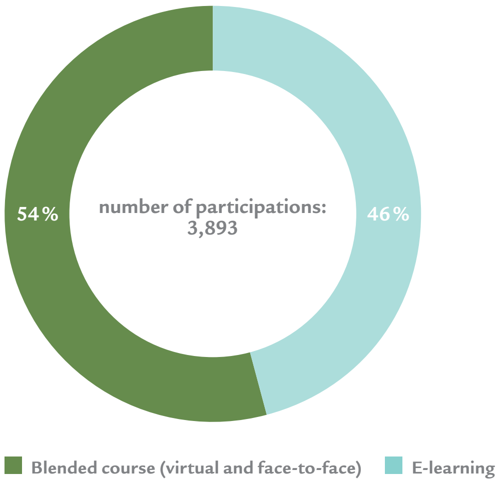
We strengthened our local ESG expertise by appointing multiple country ESG Heads and Managers. Further, 27 employees (net) joined our ESG Ambassadors community. At the end of 2022, the divisional ESG Team – responsible for designing, coordinating and implementing the responsible investment policies and ESG investment strategies with the business units, as well as building ESG expertise – consisted of 11 FTEs while the country-specific ESG Managers, who collaborate closely with the divisional ESG Team, were 15 FTEs strong. 97 ESG Ambassadors (approx. 15 FTEs) across various business units translate ESG ambitions into local and team-specific day-to-day processes, lead ESG-related projects and provide ESG trainings in their respective teams. Overall, about 40 FTEs (127 employees) were devoted to ESG implementation at Swiss Life Asset Managers, which is an increase of 15 FTEs compared to the 25 FTEs in the previous year and illustrates our commitment to improve our ESG governance.

As a sustainable employer we are fully invested in enabling our employees' personal and professional growth. We also recognise that the learning and training needs are as diverse as our workforce – personal and professional development requires different types of learning and content. To meet these standards, we launched the Asset Management (AM) Academy in January 2022, which is available for all employees. Employees can find a range of learning opportunities that they can use according to their own needs and preferences. With wide ranging courses on the topic of ESG, the AM Academy is an important building block for embedding ESG in everyone's skillset. We included ESG as a focus topic in the division-wide onboarding process for all new employees, followed by function- and country-specific trainings around our ESG roadmap, to ensure we are equipping all our people with relevant sustainability skills and knowledge right from the very beginning.

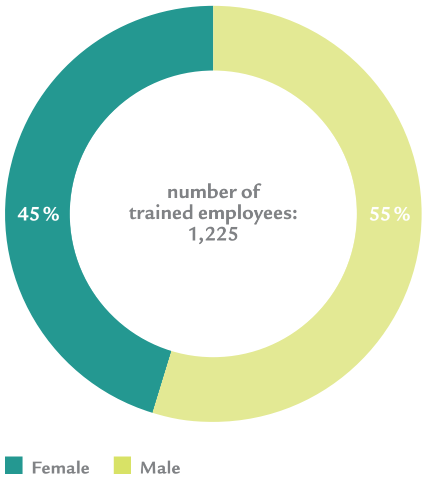
Highlights in 2022 were the ESG rule book training, attended by more than 340 employees, as well as the cross-border ESG Weeks with over 1,400 registrations. The rule book training was launched to introduce employees to the topic of SFDR, Markets in Financial Instruments Directive II (MiFID II) and the revised Swiss Life Asset Managers' SFDR rule book, our guide on

ESG trainings in 2022

ESG training participations



ESG training attendees



Source: Swiss Life Asset Managers

how to deal with the sustainability regulations in our investment management processes. The ESG Weeks event included keynote speeches, panel discussions and workshops with internal and external speakers from top-tier academic and governmental institutions to deepen ESG knowledge. Topics such as decarbonising the building stock, the social impact of the energy transition and EU taxonomy were atop the agenda.

Another highlight in 2022 was the initiative 365 days of inclusion. The programme played a key role in engaging people with diversity and inclusion topics. This included events, interactive learning nuggets, a weekly newsletter about important topics such as gender equality, unconscious bias and the "S" topics of the "ESG". More than 400 people participated in the events co-organised by our Executive Committee and active volunteers from the entire asset management division of the Swiss Life Group. The close cooperation between ESG experts and the human resource department is one of the main reasons for the success of the ESG training initiatives.

ESG Ambassadors community

Since 2020, the ESG Ambassadors community has been a cornerstone of the sustainable development and distribution of ESG know-how. To ensure a powerful spread of ESG Ambassadors within the organisation, the programme conducted an engagement mapping evaluation in 2022. Based on this gap analysis, 27 new ESG Ambassadors throughout all countries and functions were appointed to ensure a sufficiently high number of ambassadors per employee. To best empower our ESG Ambassadors, the training and the programme itself are built on two important principles. First, as with all our learning, we take into account that people learn differently, often in combination. Hence, we make sure that our material includes visual, auditory and text components, as well as interactive and engaging elements. Regardless of the methodology or learning tool, we ensure a seamless user experience that is flexible, accommodating the busy calendars of our ambassadors.

Secondly, we believe that sustainable success of our training and the entire ambassadors programme depends on connecting people on a cognitive, emotional and social level. What does this mean? Our dedicated onboarding programme has been designed to link head with heart knowledge: In order to better understand the importance of sustainable behaviours and habits, our ESG Ambassadors learn, on the one hand, about general ESG topics, Swiss Life Asset Managers responsible investment policies and governance. On the other hand, a personal approach and various case studies during onboarding aim to touch them emotionally, demonstrating that our behaviour has a vital impact that can be measured environmentally and financially. Upon successful completion of onboarding, ESG Ambassadors can deepen their head knowledge further through an extensive ESG digital-learning platform covering overarching topics (e.g., biodiversity and corporate social responsibility) as well as asset-specific contents. A division-wide communication channel provides the newest and most relevant ESG findings and research and is also a tool for the ambassadors to connect and engage with each other.

In addition to this exclusive and in-depth educational and training content and the communication channel, the ESG Ambassadors programme maintains and organises events throughout the year to promote knowledge sharing and networking. In our brown bag calls, for instance, internal and external experts as well as the ambassadors share their know-how and give insights into latest and innovative ESG topics, thus providing the possibility to actively engage in important discussions and best practice sharing. The topics ranged from "Data driven ESG reporting", "Digital currencies and energy consumption" to "The valuation of climate risks and opportunities in sovereign bonds". Another highlight were the company-wide workshops, which were held in person for the first time since Covid-19. The aim was to further shape the community bottom-up and to strengthen cooperation.

The outlined community platforms provide not only important building blocks for building and sharing ESG expertise but also opportunities to connect with people on a social level by fostering a sense of belonging to the ESG Ambassadors community as part of a larger whole.

Assessing physical climate risks for real estate

The increasing number of weather-related natural hazards such as flooding, wildfires and extreme temperatures pose significant physical risks to the building stock. As a leading real estate investor, we are called on to develop set-ups for identifying and assessing these risks as part of our risk management frameworks.

Environmental risks such as “climate action failure” or “extreme weather” are seen as the most critical risks to the global economy, according to the WEF Global Risks Reports[19]. Climate risk can be divided into two risks: the risk associated with the transition to a low-carbon economy and physical risk to assets from natural hazards. This chapter focuses on the latter.

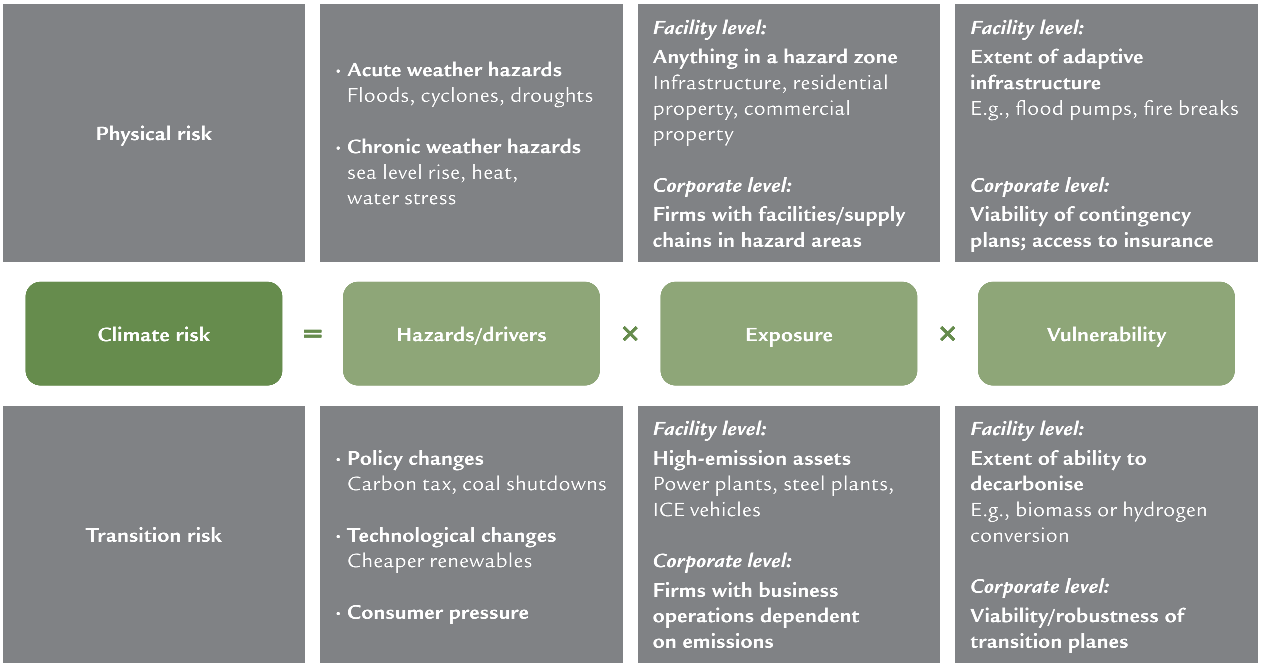
Why are physical climate risks relevant for real estate in Europe?
Physical climate risk affects the real estate sector, as buildings have fixed locations, and if these locations are in vulnerable and exposed areas, they are subject to climate risk. The most significant physical climate risks for real estate and our approach to their assessment are set out hereafter.

The drought and hot summer of 2022 in Europe has clearly demonstrated the high relevance of the topic. In Switzerland, the summer temperature was 4°C above the 1961–1990 norm[20]. France experienced the second-hottest summer on record[21] and Germany[22] saw the sunniest summer since weather records began. As a result, the river Rhine threatened to become too low for commercial shipping[23]. A record number of wildfires were recorded in France, Spain, and Portugal[24] as well as urban fires in London[25]. Climate scientists have shown that in the best-case scenario, global warming will cause an increase of 1.5°C by 2100[26], and the physical risks will be greater than they are today with a direct impact on real estate:

- *Extreme heat and cold*[27]*:* Impacts on real estate include durability of building materials, energy demand and consumption, building exterior, or site preferences. Many of these impacts could ultimately affect the value of properties, e.g., properties without adequate heating, ventilation, and air conditioning.

19 World Economic Forum: The Global Risks Report 2022 (17th edition).
20 Swiss Confederation, Federal Office of Meteorology and Climatology .
21 RedaktionsNetzwerk Deutschland, Hitzesommer kostete 10 000 Menschen in Frankreich das Leben (22.11.2022).
22 Der Spiegel, Sonnigster Sommer seit Beginn der Aufzeichnungen, 817 Stunden Sonne – mehr gab es nie (30.08.2022).
23 Frankfurter Allgemeine, Folgen der Hitzewelle, Die Schiffe werden knapp (19.07.2022).
24 EUMETSAT, Summer 2022: exceptional wildfire season in Europe (July–August 2022).
25 BBC, London Fire Brigade had busiest day since World War Two, says London mayor (20.07.2022).
26 The Intergovernmental Panel on Climate Change.
27 Urban Land Institute, Research Reports, Scorched, Extreme Heat and Real Estate (01.01.2019).

Physical and transition risk



Source: adapted from "Stranded Assets: Environmental Drivers, Societal Challenges, and Supervisory Responses", Caldecott et al. (2021)

- *Coastal and fluvial flooding*[28]: Flooding is a risk for coastal regions due to rising sea levels, and river flooding can also affect non-coastal regions due to heavy rainfall. Properties in affected areas could be damaged and could reduce the value of surrounding properties.
- *Storm and wildfire:* Property can be severely damaged directly by storms (e.g., cyclones, hurricanes, tornados) or wildfires. Wind and wildfires can even reinforce each other if the wind intensifies the wildfire or spreads the fire to a larger area. Property values in these areas could decline.

What are the challenges in assessing climate risk?

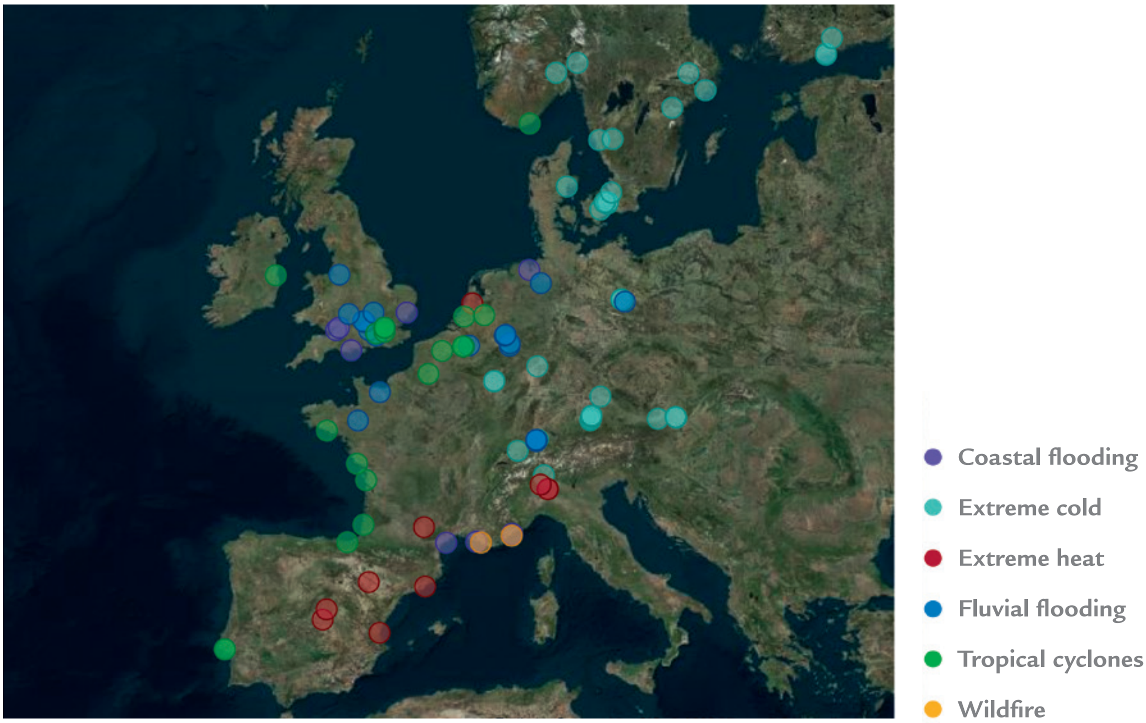
Climate science is a relatively new topic for the financial industry and will take time to manifest itself. Climate risks are challenging to measure because climate science is not about just looking back at historical patterns, but creating scenarios for a future (uncertain) state. It is a relatively new field of science which is constantly evolving and may look very different in the decades to come. Furthermore, assessing the risk of climate change requires models that incorporate climate databases and scientific models with global geographic coverage, a high geolocation resolution and a broad hazard coverage. For real estate investment managers, knowledge must be built up, spread across the organisation, and embedded in all functions involved in the real estate investment value chain: from portfolio, risk, and transaction management to construction and operational asset management.

How can real estate asset managers assess physical climate risks?

Physical climate risks arise from the physical impacts of climate change and extreme weather and are divided into acute and chronic hazards. The EU Taxonomy Compass[29] provides an overview of the following climate-related hazards: temperature (e.g., heat, cold), wind (e.g.,

28 Nordic Credit Rating, High real-estate exposure poses climate risk for Swedish and Norwegian banks, sector comment 12 April 2022.
29 European Commission, EU Taxonomy Compass.

Sample of Swiss Life Asset Managers' real estate assets



Source: Microsoft Bing Earthstar Geographics SIO, 2023

hurricane, storm), water (e.g., flooding, sea level rise, drought), and solid mass (e.g., avalanches, landslides) hazards. The risk assessment involves several steps and results from a combination of hazards with exposure and vulnerability (see figure "Physical and transition risk"). Properties have different levels of exposure and vulnerability. Properties are exposed to physical risks if they are in vulnerable locations (e.g., properties near a river prone to flooding). But these properties are only at risk if they can be effectively financially damaged by the hazards to which they are exposed to (e.g., one property is directly affected by flooding while an adjacent property is protected by a floodwall).

Swiss Life Asset Managers' approach to assess physical climate risk

To accurately determine the properties exposed to physical risk their precise location must be known. This means geocoding all properties. The map above shows a random sample of properties in our portfolios across Europe that illustrates this approach. While the dots indicate the location by longitude and latitude, the colours indicate the physical risk that these specific properties are mostly exposed to according to the models used by Swiss Life Asset Managers. To protect the properties from financial losses due to physical damages, Swiss Life Asset Managers has started to integrate physical climate risk assessments into the investment process before and after acquisition.

During the acquisition phase, special attention should be given to climate-related physical risks in the due diligence process, to identify early on potential physical risks and to avoid taking on unwanted risk exposure. Swiss Life Asset Managers works with dedicated models from selected providers to quantify the risk of climate exposure. The climate scenarios used in those models, for example, describe how the physical aspects of the climate environment will change in response to increasing CO_2 and other GHG emissions (e.g., temperature rise, changes in frequency and severity of weather events). The model uses observed weather patterns to provide historical evidence and represents both acute and chronic scenarios for the future. For the risk assessment, the anticipated impacts of weather and its intensities are determined. Information on weather events and reported losses taken together provide an estimate of the expected monetary losses from weather events. From the interaction of hazard and locational exposure, the most salient element is the vulnerability assessment, which is presented in the case study below. Detailed assessments of physical climate risks should be run for all our assets. Yet, the lack of data on a variety of variables depending on the country, region or asset (e.g., historical weather patterns) disables comprehensive analyses for all assets and hazards in the same depth. Swiss Life Asset Managers is collaborating with different data providers and climate risk modellers to increase the coverage and depth of assessments.

Case study

Case study on assessing physical climate risks in real estate

In the following section, we present a case study describing how a property in a coastal area in the Netherlands was subject to a specific climate impact risk analysis by an external partner and what kind of assessment steps this involved. It should be noted that the property was assessed by the external partner as part of a "do-no-significant-harm" criteria check for climate change adaptation to check whether the asset complies with the criteria set out in Appendix A of the Climate Delegated Act of the EU Taxonomy Regulation[30] and that only a selection of assets of the portfolio were subject to this assessment.

For a vulnerability assessment, real estate investment managers must "get to the heart" of the property and understand what risks the property is vulnerable to. Subsequently, they need to assess the associated costs and, if feasible, prepare climate risk adaptation solutions that mitigate the identified physical climate risks. For the property considered in the case study, the tornado risk was classified as "very high" and the storm surge risk as "high" in the initial internal risk assessment based on the available physical risk tools. In addition, the risk for (tropical) storms was classified as "medium". Based on this, further research was conducted by the external partner on historical natural events, the current climate of the region and the consideration of future climate scenarios. This created the basis for verifying the initial internal screening and for developing possible adaptation solutions. The research combined with expert interviews showed for this property that there is good protection against the main identified risks. The location of the site and the city's storm surge and flood protection are already very strongly developed, and there are no sensitive parts such as basements (flooding risks). With regards to the tornado risk, the massive construction of the building offers adequate and contemporary protection. It is mentioned that for the highest risk exposure "tornado" identified in the internal screening, the implementable adaptation solutions for already built properties are limited. Possible measures that increase resilience to tornadoes include: 1.) regular maintenance / inspection of the roof structure / building envelope, clearing up loose objects, inspecting trees near the building (high efficiency, low cost), 2.) resistant exterior

30 Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021.

shutters (medium efficiency, medium cost) and 3.) storm guard systems / venetian blinds (medium efficiency, low cost). Since building damage due to tornadoes cannot be completely ruled out by any solution, comprehensive insurance cover is the only way of financial protection.

Swiss Life Asset Managers meets these challenges by integrating sustainability aspects as well as climate change adaptation and mitigation solutions into the real estate investment process. In line with our Responsible Property Investment Framework, solutions must be developed that aim at an implementation along the real estate value chain, i.e., during:

- Acquisition: For new investments (acquisitions of existing properties or developments), a systematic and standardised ESG assessment is used, with which the main ESG aspects (e.g., climate risk, building quality) are made transparent and feasible improvement measures are defined.
- Construction: New construction projects are based on local or international sustainability standards. Building certifications are used across the board; for comprehensive refurbishments, certifications are sought depending on the depth of intervention.
- Management: In the existing portfolio, the consideration of ESG aspects is ensured by corresponding management standards (e.g., climate risk, decarbonisation pathway, tenant satisfaction).

Sustainability in infrastructure

Swiss Life Asset Managers understands that the success of its investments rests not only on strong financial performance but on the ability to understand how ESG risks and considerations can affect investment returns. We are continually driving forward participation and development in ESG activities and considerations within our infrastructure equity investments.

Swiss Life Asset Managers invests along ESG parameters because we are convinced that ESG risks ultimately become economic risks, so value preservation and maximisation require careful attention to environmental, social and governance aspects. We understand that ESG parameters do not impact risk only but also returns, and so we support and promote ESG factors as a way to generate returns and drive performance within our investments.

Before committing to any infrastructure equity transaction, we follow a detailed ESG scoring model which incorporates twelve extensive dimensions, including environmental initiatives and stakeholder relationships. After acquisition, this scoring is repeated on an annual basis and, in addition to this, an extensive list of ESG KPIs is gathered from each asset and evaluated thereafter. As a result of our analysis, various policy and practice improvement initiatives are taken up with portfolio companies' management teams and are implemented where feasible.

This way, ESG and sustainability continue to be a significant part of everyday business of the Swiss Life Asset Managers Infrastructure equity platform. One particular effort – driven by the regulatory environment – is transparency. Under the EU Sustainable Finance Disclosure Regulation (SFDR), ESG strategy funds, like many in our product suite, are held to high standards of transparency about ESG metrics for their portfolio companies.

For us, this regulation supports another effort – to gather increased amounts of relevant data from our portfolio companies. With the help of our internal ESG assessments incorporating qualitative and quantitative indicators, we gather varied information on the corporate policies and commitments in place and monitor our investees with an extensive list of ESG KPIs, including but not limited to greenhouse gas emissions, renewable energy consumption and production, health and safety, impact on biodiversity, and gender equality. However, data gathering is only the beginning. As a next step, actions are defined to improve various metrics and the overall ESG performance of the portfolio.

About Swiss Life Asset Managers' Infrastructure Equity

Established in 2011, the Swiss Life Asset Managers' Infrastructure Equity manages over EUR 9.9 billion in AuM for its clients and partners. The team comprises more than 50 investment specialists, with an average of 20 years' industry experience across the senior level members. Infrastructure Equity has made over 70 infrastructure investments, across 12 funds, in both direct and fund opportunities across the Energy, Communications, Transportation, Regulated Utilities, Social Infrastructure and Renewable Energy sectors.

Case studies

Viridor (0.4% of total Infrastructure Equity AuM)

Viridor, a waste processing and recycling business located across the UK, has been a strong advocate for the reduction of plastics use in society and has actively conducted research, presented in its report “Bridging the Gap: Ending Britain’s Reliance on Plastic Waste Export”, to demonstrate the level of plastics consumption in the UK and what opportunity exists in closing the recycling gap within the country. With a focus on a circular economy, Viridor has launched its new Circular Economy for Plastics ambition, which highlights the essential role which waste recycling plays in supporting the path to net zero. Viridor takes the “cradle-to-cradle” approach with regard to plastics recycling, and with the completion of the building of its new recycling and reprocessing plant in Avonmouth, it can reduce its export of plastics waste by 90%, whilst at the same time repurposing a much higher amount of plastic waste. The Avonmouth plant will reprocess over 80,000 tonnes of plastic, more than 1.6 billion bottles, tubs and trays, turning them into recycled raw material that will return to the economy. Moreover, as a result of 90% of exported waste now being able to be processed domestically, the total UK plastics export amount can be reduced by up to 8% overall.

Viridor energy recovery facility, Dunbar. *Source: Viridor*

In further support of the concept of a circular economy, Viridor has recently committed GBP 50,000 to Reuse Network, a UK charity with a network of reuse charities and social enterprise members. The money will help fund the development of a nationally recognised programme of training and qualifications to support “professional repairers” in line with the UK government’s new “right to repair” regulations. The reuse sector helps to ensure that everyone has access to affordable household items to enable them to create a sustainable home.

Wascosa (3.2% total Infrastructure Equity AuM)

Sitting under the Wascosa Group and based in Germany, Aves One is a freight and swap body lessor, with a fleet of over 11,000 fright wagons and more than 8,000 swap bodies.

Aves One, a portfolio company within the Swiss Life Asset Managers Core strategy, is engaged across the spectrum of social responsibilities when it comes to the workplace and to fostering a safe environment for its employees. As well as compliance with key labour rights, diversity and equal opportunities, Aves One checks workplaces regularly with a company doctor and provides the workforce with weekly personal trainer and physiotherapist sessions. Outside of the workplace, Aves One commits to further social responsibilities with initiatives in the community. One such initiative is the “Knack den Krebs” (Beat cancer) campaign. At the University Medical Center Hamburg-Eppendorf, around 600 children with cancer are treated as in- and outpatients each year. Aves One supports the campaign and encourages others to donate to the cause via its website.

On the subject of environmental sustainability, since 2020, Aves One has partnered with Climate Partner to calculate its CO_2 emissions on a yearly basis and in order to partially offset its carbon emissions, Aves One has supported a climate project in the Virunga National Park in the Democratic Republic of Congo. The hydro-power project in the Virunga National Park harnesses the flows of the Rutshuru River to generate sustainable energy in the small Matebe hydro-power plant. With an output of 13 megawatts, the plant generates clean electricity for households and small businesses. The population thereby has an alternative to expensive kerosene and to traded charcoal. Approximately four million inhabitants thus receive access to electricity for the first time. In addition, the hydro-power plant provides electricity for street lighting in the surrounding villages, thus ensuring greater safety after dark. This initiative continues into 2022 and beyond.

Wascosa rail wagons. *Source: Wascosa AG*

Energy Assets Group (1.0% of total Infrastructure Equity AuM)

Energy Assets Group (EAG), a vertically integrated metering company located in the UK, is working across various business areas to transition the company's activities and services to a more environmentally friendly, low-carbon outcome.

The way in which EAG is supporting the move to net zero is focused more in its metering activities in industrial and commercial facilities. In reducing energy usage, energy efficiency is key, and in order to become efficient, energy usage data needs to be captured to understand patterns and energy supply needs. EAG is already ready for this challenge; as a multi-utility energy services provider, EAG can support energy efficiency by operating automated meter readings to systematically collect consumption data, by delivering meter data streams to suppliers and end users every half an hour, by monitoring and analysing consumption trends through its WebAnalyser portal, and by applying machine learning to metered data to optimise building energy performance. Data will increasingly become the measure of sustainability on the road to net zero and EAG is in a very positive position to be able to aid the transition.

Another switch is the transition of the entire company car fleet to electric vehicles or plug-in hybrids, whilst their vans and construction vehicles are contributing to a carbon offset scheme. Even though the switch will take approximately two years to be complete, the result of some of the fleet already having converted to electric has been a c. 30% reduction in carbon emissions for the corporate fleet. To aid this transition, EAG has also installed electric vehicle charging points at its offices and incentivised charging at home for fleet drivers.

Unloading distribution infrastructure at EAG.
Source: Energy Assets Group

Proprietary Principal Adverse Impact (PAI) scoring model and ESG rule book for securities

Increasingly stringent and changing sustainability regulations require adequate mechanisms for their integration into investment strategies. Beyond fulfilling regulatory requirements, Swiss Life Asset Managers aims to reflect the most recent client demands in its sustainable product offering. Those considerations triggered an encompassing revamp of our internal ESG rule set or ESG rule book, which defines how Swiss Life Asset Managers can promote ESG characteristics or pursue sustainable investment objectives.

2022 was the year between the implementation deadline for Sustainable Finance Disclosure Regulation in 2021 (10.03.2021) and the application deadline of the Regulatory Technical Standards (RTS) of the SFDR in 2023 (01.01.2023), which specify the form and content of the disclosures. Swiss Life Asset Managers updated its internal rules to comply with the new regulations and standards to avoid greenwashing and to build consistent and transparent ESG and impact products.

A transdisciplinary process

Our initial rule book has been formulated in late 2020, with the main goal to categorise the product shelf into different transparency categories as required by SFDR. Triggered by evolving regulatory and client expectations, Swiss Life Asset Managers decided to revamp its internal ESG rules and guidelines, i.e., the ESG rule book. On the one hand, the integration of MiFID II sustainability preferences was required. On the other hand, to address the requirement to disclose whether we consider "principal adverse impacts", clear guidelines were developed in collaboration with different teams within Swiss Life Asset Managers (financial engineering, ESG, portfolio management, and risk management). One aspect was the PAI scoring model, which is explained in more detail below. Additionally, in order to meet the various transparency obligations, mandated by the EU law, a company-wide process has been established.

For this purpose, two transdisciplinary working groups were formed in late 2021. The "product working group" focused on the revision of rules and limits, exploration of different approaches and portfolio testing. The "regulatory working group" rather elaborated the different formulations, reviewed the legal documents and updated the transparency documents. The new set of rules has been approved by the Executive Committee of Swiss Life Asset Managers in Summer 2022.

During the second part of the year, the priority shifted towards putting the newly defined rules into practice. An alignment and feasible rule book implementation has been achieved and regulatory deadlines were met. During the iterative process of elaborating on the new set of ESG rules, Swiss Life Asset Managers identified that such transdisciplinary and transformational processes require changes in the organisational structures and adaptation of core processes which, in turn, requires high management attention and effort.

Sustainability categories at Swiss Life Asset Managers

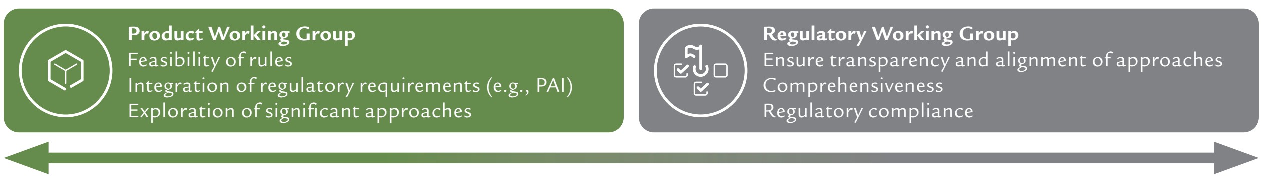
Following Swiss Life Asset Managers' ESG concept with the three pillars – fiduciary duty, intergenerational responsibility and active stewardship – and its ambition to become a leading sustainable asset manager, Swiss Life Asset Managers provides further transparency on its internal set of rules and product categories. This makes the company's progress more measurable and accountable against stakeholders. The degree of sustainability of a product depends mainly on the way in which the product's investment components are managed. Swiss Life Asset Managers subdivides and names its product shelf into three categories: Traditional, ESG and Impact.

The three product categories distinguish the products according to their purpose, ESG strategy and how stringent ESG characteristics are addressed. To be able to allocate the products' different characteristics to a category, Swiss Life Asset Managers has established an internal set of rules for each asset class. These rules define the characteristics required for a product to be classified as Traditional, ESG or Impact, as further explained below.

The ESG rule book in a nutshell

The ESG rule book aims to address Swiss Life Asset Managers' sustainability priorities, such as reducing climate and biodiversity risks, empowering people and promoting business integrity, while at the same time complying with recent regulatory and market developments in sustainable finance. The ESG rule book covers both securities and real assets. It serves as a framework for the company to address sustainability in a comprehensive and structured manner. Given that SFDR is a disclosure regulation and not a labelling ambition of financial products, Swiss Life Asset Managers identified that there is a need to establish clear rules to implement to be able to demonstrate to external and internal stakeholders the understanding and the methodologies to measure ESG and impact products. By being transparent on the level of ESG integration while disclosing details on the internal set of rules, Swiss Life Asset Managers increases its credibility as a responsible investor.

Responsibility of working groups to implement regulatory requirements



Source: Swiss Life Asset Managers

Sustainability categories

Swiss Life Asset Managers product categories		
Traditional pursue no specific ESG or sustainable investment targets	**ESG** pursue concrete and measurable ESG targets	**Impact** generate a measurable positive impact in the real world

Source: Swiss Life Asset Managers

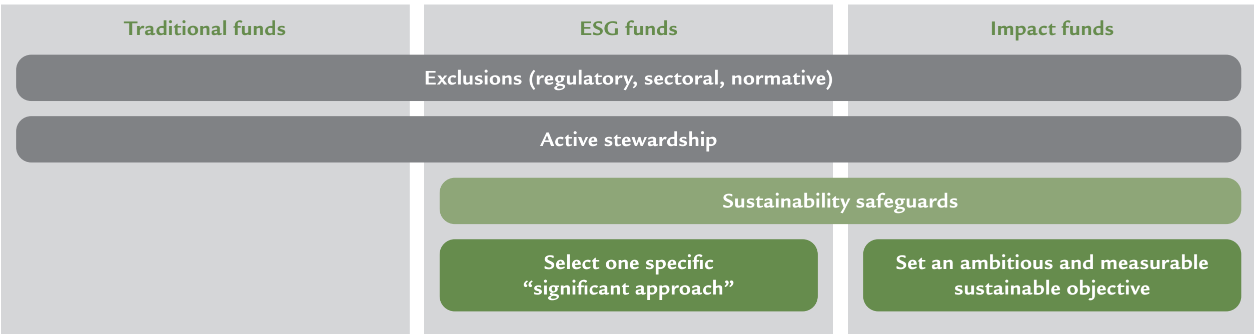
Traditional products apply exclusions to embody ESG consideration in risk management, integrate ESG assessments into the investment process (e.g., credit research) and active stewardship, they do not pursue any defined ESG characteristics or objectives. In contrast, **ESG products** include extra-financial considerations in the portfolio construction and management by setting and monitoring significant ESG approaches with the intention of promoting Environmental or Social (E&S) characteristics while mitigating sustainability and governance risks as well as reducing principal adverse impacts. Finally, **impact products** serve to contribute positively to the environment and/or society with measurable real-world impact indicators that account for the sustainable investment objective which goes beyond the fundamental ESG integration and sustainability risks mitigation, alongside the financial objectives of the portfolio. These principles are then adapted for each asset class and translated into operational processes.

For securities, the rule book consists of three layers: 1) exclusions and active stewardship, 2) sustainability safeguards and 3) significant approaches. While exclusions (regulatory, sectoral and normative) and active stewardship are applied for all product categories to mitigate short to mid-term negative financial impact and to avoid reputational risks of external ESG factors, the "sustainability safeguards" and "significant approaches" are exclusively applied for ESG and impact products (see figure below).

The **"exclusions and active stewardship"** layer of the ESG rule book prohibits the inclusion of companies involved with controversial weapons, countries on sanction lists, companies that generate more than 10% of their revenue from thermal coal mining (this sectoral policy is being revised to integrate the latest requirements in terms of coal phase-out plans, that are in line with Paris Agreement) and companies that violate UNGC principles. Additionally, within this layer, Swiss Life Asset Managers votes on the annual general meetings of companies that have an E&S item on their agenda or meet certain voting thresholds as defined in the engagement and voting policies.

The **"sustainability safeguards"** layer encompasses mitigating sustainability tail risk from a double materiality perspective. The goal of the sustainability safeguards layer is not only to mitigate the negative financial impact of external ESG factors on the company, but also to mitigate the negative impacts generated by companies on the environment and/or society. This includes, for example, the mitigation of Principal Adverse Impact (PAI) as well as the consideration of ESG ratings and controversy risks in the construction of the investable universe.

The three layers of the ESG securities rule book



Source: Swiss Life Asset Managers

The **"significant approach"** layer includes clear objectives to promote the ESG outperformance of a fund in comparison to its benchmark (as assessed through the ESG rating and relevant indicators, such as carbon footprint) or on an absolute basis. For impact funds, this layer requires an ambitious sustainable investment objective, defined as investments in companies that contribute positively to certain societal and/or environmental objectives through their products and services. Those significant approaches are selected based on Swiss Life Asset Managers' sustainability priorities (e.g., mitigating climate change and biodiversity risks, while empowering people, and fostering business integrity) and/or are based on the specific thematic of the fund strategy.

Swiss Life Asset Manager's proprietary Principal Adverse Impact (PAI) scoring model for securities

Under the SFDR, financial market participants are required to disclose whether they are considering the principal adverse impacts of their investment decisions on sustainability factors at the entity and product levels and what actions are taken to mitigate these impacts. From the double materiality perspective, the principal adverse impacts capture the inside-out impact of our investment decisions on society and/or environment. This information should help investors to assess the sustainability impact of the portfolios they invest in.

PAI covers several specific sustainability factors, including climate change, human rights, and labour standards. The Regulatory Technical Standards (RTS) of the SFDR provide a set of 64 principal adverse impact indicators. This encompasses 18 mandatory and 46 additional (optional) indicators (see table "List of mandatory PAI indicators").

As visible in the table below, 14 mandatory indicators are listed for investee companies (corporate issuers). These 14 mandatory indicators are the basis of Swiss Life Asset Managers' proprietary scoring model, which is being used in the investment process of corporate financial instruments. Swiss Life Asset Managers sources the raw data from MSCI ESG Research.

List of mandatory PAI indicators

Environmental	Social
Indicators applicable to investee companies (14)	
1. Greenhouse gas (GHG) emissions	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
2. Carbon footprint	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
3. GHG intensity of investee companies	12. Unadjusted gender pay gap
4. Exposure to companies active in the fossil fuel sector	13. Board gender diversity
5. Share of non-renewable energy consumption and production	14. Exposure to controversial weapons
6. Energy consumption intensity per high impact climate sector	
7. Activities negatively affecting biodiversity-sensitive areas	
8. Emissions to water	
9. Hazardous waste ratio	
Indicators applicable to sovereigns and supranationals (2)	
15. GHG intensity	16. Investee countries subject to social violations
Indicators applicable to real estate assets (2)	
17. Exposure to fossil fuels through real estate assets	18. Exposure to energy-inefficient real estate assets

Source: Table 1 of Annex I of the RTS of the SFDR

PAI indicators, comprised of numeric and binary indicators, are translated into rank scores. The proprietary PAI Score aggregates the rank scores to get one overall score for corporates in the MSCI ESG universe (currently 8,000+ companies). The final score is mapped to a letter rating from AAA to CCC, without any industry adjustment. This letter rating allows Swiss Life Asset Managers to identify the impacts of issuers in the portfolios on the environment and society and helps to address regulatory requirements. The aggregation of the indicators permits to monitor, assess and steer the PAI indicators more efficiently and is flexible enough to be adopted and integrated in various investment processes to manage portfolios efficiently. In building this aggregated PAI score, Swiss Life Asset Managers also faced challenges. The main four challenges are listed in the illustration below.

To address those challenges, Swiss Life Asset Managers took appropriate measures such as suitable transformations of indicators and creating awareness in interpreting the aggregated PAI score internally. Nevertheless, having those challenges in my mind, the proprietary principal adverse impact scoring model has its shortcomings. At the current stage of development, Swiss Life Asset Managers identified two main limitations, which are listed below.

Swiss Life Asset Managers is currently reviewing its PAI scoring model to address its shortcomings and better reflect the adverse sustainability impacts of its investment decisions while improving the management of the sustainability risks of its portfolios.
Swiss Life Asset Managers is currently integrating its PAI scores within its "sustainability safeguards" layer of the ESG rule book. The PAI scoring model is therefore relevant for all corporate issuers, which are part of ESG or impact funds.

Main challenges in building an aggregated PAI score

- the combination of numerical and binomial indicators
- the skewed distributions of numerical PAIs towards lower levels
- the large number of missing or not reported indicator values

Source: Swiss Life Asset Managers

Main limitations of the proprietary Principle Adverse Impact scoring model

- Some indicators have very low discriminatory power with large coverage while others have huge standard deviation while being sector-specific which can lead to imbalance rankings.
- By converting all indicators into a score, you also reward good behaviour which can in turn mitigate the severity of others.

Source: Swiss Life Asset Managers

Outlook

Swiss Life Asset Managers has revised its internal set of rules as framed in its ESG rule book and developed a proprietary scoring model for PAI indicators in response to the increasing regulatory requirements and market expectations in sustainable finance. Transparency and clear measurement of relevant sustainability indicators are key in combating greenwashing. The ESG rule book serves as a framework for Swiss Life Asset Managers to address these issues within its product portfolio in a comprehensive and structured manner.

Swiss Life Asset Managers will continue putting efforts to expanding the ESG rule book (besides fixed income, equities and real assets) to asset classes that are not part of the rule book yet, such as loans and mortgages, and to include further biodiversity considerations in its investment decisions. Besides, Swiss Life Asset Managers intends to continue to adapt and improve its proprietary PAI scoring model to better capture adverse sustainability impacts in its investment portfolios. Overall, Swiss Life Asset Managers is committed to being a credible, responsible investor and to meeting the evolving expectations of stakeholders in this area.

Closing remarks

The transition of economies to sustainability entails many challenges. Lack of ESG data, inconsistencies in metrics, overpromising and overstating ESG achievements are only some of the examples that make the sustainability route ahead a bumpy one. Nevertheless, we see progress in resolving the challenges with increasing efforts by governments, regulators, research institutions, our investees and other stakeholders. We remain positive that these efforts will succeed. We will therefore continue to live up to our responsibility as an asset manager to bring about the transition to a more sustainable future.

Contact
Swiss Life Investment Management Holding Ltd
General-Guisan-Quai 40
P.O. Box
CH-8022 Zurich
Tel.: +41 43 284 77 09
www.swisslife-am.com

Imprint
Publisher: Swiss Life Investment Management Holding Ltd, General-Guisan-Quai 40, 8002 Zurich · **Editorial Board:** Ante Busic, Noemi Spescha · **Authors:** Ante Busic, Miriam Gassner, Kayte Hodgson, Vithursan Nellinathan, Hardy Rohr · **Layout / Design:** n c ag, In der Luberzen 25, 8902 Urdorf · **Cover image:** AdobeStock

This print product was printed on paper from responsible forest management.
This is a climate-neutral product.

MIX
Aus verantwortungs-vollen Quellen
FSC® C004261

Swiss Life
Asset Managers

We enable people to lead
a self-determined life.