

# Reducing risk, *building lasting value*

## *Swiss Life Asset Managers' approach to responsible investment*



For over 160 years, Swiss Life Asset Managers has managed the assets of the Swiss Life Group and its clients. Our investment decisions have always been built on a long-term view of risks and returns.

For us responsible investment means integrating Environmental, Social and Governance (ESG) criteria, as well as risk factors and financial metrics, into a controlled and structured investment process. This helps us generate long-term risk-adjusted returns and aligns our investment goals to those of our investors' who look beyond strictly financial aspects. In doing so, we are increasing the quality of our investment portfolios.

We are committed to applying responsible investing throughout our operations. In demonstration of this, Swiss Life Asset Managers has formalised and disclosed its approach to systematically integrating ESG risks. We are signatories to the United Nations-supported Principles of Responsible Investment (PRI), which forms the basis of our own responsible investment framework. As part of our ongoing commitments, we will be producing an in-depth transparency report on our responsible investment activities from 2019 which will be available on the PRI website.

### **In signing the PRI, we have pledged to**

1. Incorporate ESG issues into investment analysis and decision-making processes.
2. Be active owners and incorporate ESG issues into our ownership policies and practices.

3. Seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Promote acceptance and implementation of the principles within the investment industry.
5. Work together to enhance our effectiveness in implementing the principles.
6. Report on our activities and progress towards implementing the principles.

### *ESG factors are part of our business*

Our responsible investment approach is an integral part of every investment decision we make. It is deeply embedded in our core processes and therefore an important part of our risk management.

We approach responsible investment on an asset class by asset class basis, seeking to assess the specific ways ESG issues can impact risk and return.

### **Securities**

Externally sourced independent ESG research and ratings underpin our approach to company analysis and evaluation. This allows us to keep track of 13 000 corporate and sovereign issuers across the globe, monitor controversial issues and uncover company risks as required by our fiduciary duty. Our approach is about applying a broader range of information and factors to our decision making rather than basing our investments on purely financial factors, or on purely ESG factors.



### Real estate

Environmental regulations and a growing desire among tenants for buildings with strong sustainability attributes have impacted the real estate investment process in the last decade. Building projects need to meet certain environmental standards while also being accessible and safe. Our consideration of relevant ESG factors for the investment process helps us achieve both financial returns and a more sustainable portfolio. For this reason we are committed to integrating ESG risks and opportunities into the entire cycle of our real estate activities, from investment and new development to the management of standing properties.

### Infrastructure

Effectively managing risk in infrastructure investment means ensuring the social acceptability of projects, anticipating regulatory changes and reducing the running costs of existing facilities. Key ESG themes such as environmental issues, labour conditions, safety, local job creation and consultation with stakeholders are firmly embedded in our decision-making and investment review process.

### Our position on climate change

Climate change and the risks affiliated with it will have an impact on investment portfolios over the long term. We are committed to playing our part in addressing these issues. Increasing the resilience of our client investments to climate change risks and identifying lower-carbon investment opportunities are positive steps we can take today to contribute to the global transition to a low-carbon economy.

### Our engagement approach

Company engagement is critical to the advancement and promotion of responsible investment across the broader corporate and financial sectors. We believe that active dialogue with our invested companies is a powerful tool for reducing risk. Using our influence we can create value in the energy, mobility, health and living sectors.

### Here's how we will do it

- ✓ **Voting policies:** For equity positions we manage for our investors, either directly or via collective investments.
- ✓ **Execution of the shareholder's rights:** Reviewing all ESG-related votes by our dedicated responsible investment staff, who will then make a recommendation to the voting entity.
- ✓ **Active governance:** Where Swiss Life Asset Managers holds a seat on the board of an asset, we will promote ESG-related matters, such as disclosure of ESG performance data and enhancement of adequate risk management.
- ✓ **Collaborative enhancement:** The responsible investment industry needs to collaborate, share action and exchange in order to improve. We want to share our insights and experience with domestic and international associations.

Swiss Life enables people to lead a self-determined life, so they can look to the future with confidence. Swiss Life Asset Managers pursues the same goal. As an asset manager and leading institutional real estate investor with profound asset management expertise and over 160 years of risk management experience, we strive for stable and long-term investment returns. That's how we lay the groundwork for our clients to make solid, long-term plans – in self-determination and with financial confidence.

For more information about responsible investing at Swiss Life Asset Managers, please visit [www.swisslife-am.com/responsible-investment](http://www.swisslife-am.com/responsible-investment)



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