

Swiss Life Asset Managers Responsible Investment Policy

June 2025

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1. Introduction

For over 165 years, Swiss Life Asset Managers has managed the assets of the Swiss Life Group as well as institutional and retail clients. As a European asset manager, we carry a responsibility towards society and the environment alongside our fiduciary duties towards our clients.

Swiss Life Asset Managers is committed to developing and offering services that meet the evolving needs of our clients and investors, leveraging on innovative technologies and practices to deliver sustainable investment solutions aligned with global climate goals and regulatory requirements supporting a low-carbon economy.

Swiss Life Asset Managers' responsible investment approach was developed with the intention to contribute to financing a sustainable economy, while managing risks and impacts from a double materiality perspective¹, to deliver long lasting value for our clients.

Our responsible investment approach relies on the sourcing and integration of relevant environmental, social, and governance (ESG) criteria into our investment processes and decision-making, the continuous assessment of sustainability risks and opportunities, and a comprehensive active stewardship framework to promote sustainable practices among our various stakeholders (companies, tenants, market associations, suppliers, etc.).

Swiss Life Asset Managers and Swiss Life Group² are committed to the Principles for Responsible Investment (PRI) and our responsible investment approach is aligned with the PRI guidelines.

2. Purpose and Scope of the Policy

The purpose of this policy is to describe and promote transparency of the various aspects of Swiss Life Asset Managers' approach to responsible investment, including:

- Elements of our sustainability ambition (Chapter 3);
- Our ESG governance framework (Chapter 4);
- Our sustainability risk management and responsible investment strategies (Chapters 5 and 6);
- Our responsible investment policies, disclosures and memberships (Chapter 7).

The scope of the sustainability risk management and responsible investment strategies described in this policy covers bonds, equities, real estate, and infrastructure (equity and debt).

In terms of investment vehicles, this policy covers products and portfolios for which the discretion of defining the investment strategy resides at Swiss Life Asset Managers. In contrast, portfolios for which the investment strategy is defined by the client are out of scope of this policy, although in such cases Swiss Life Asset Managers nevertheless promotes awareness of the responsible investment strategies available for the client.

Concerning the use of external third-party funds by certain Swiss Life Asset Managers products and portfolios, while those funds are not expected to strictly follow the strategies and rules outlined in this policy, their selection is nevertheless conditional on a thorough assessment to ensure alignment with our core responsible investment principles.

For the avoidance of doubt, loans and mortgages are out of scope of this policy.

¹ The double materiality perspective encompasses both the financial impacts of environmental, social, and governance (ESG) factors on the company and the company's impacts on society and the environment.

² For more information, please refer to Swiss Life Group's sustainability website under <https://www.swisslife.com/en/home/sustainability.html>

3. Responsible Investment at Swiss Life Asset Managers

As a responsible asset manager, we must deal with multiple challenges in terms of risk and opportunities management, client preferences, portfolio construction, data availability and regulation. To address these challenges, we aim to consider ESG criteria in every aspect of our asset management activities. Hence, we are continuously looking for the most relevant sustainability data to build an appropriate sustainability assessment of our investments both in terms of risks and opportunities. This serves as a key input in the construction of our ESG and sustainable product offering range, supported by active stewardship and transparent ESG disclosures, to meet the specific needs of our clients. As a signatory of the Principles for Responsible Investment (PRI) and member of the Net Zero Asset Managers initiative (NZAM)³, we continue to seek and implement potential improvements within our responsible investment approach, to increase our contribution to the targets of larger global frameworks like the Paris Climate Agreement.

A key part of our responsible investment approach is working towards a more environmentally sustainable future and thereby taking intergenerational responsibility into consideration. Climate change is one of the greatest challenges faced globally. Climate change presents significant risks not only to assets but also to business models that fail to transition to a low-carbon economy. This includes risks related to products, the alignment with client needs, and service offerings. However, it also opens up new business opportunities. We believe these risks and opportunities will shape investment portfolios and the way assets are managed and services are provided in the long term. This is why we support the goals of the Paris Climate Agreement and have applied the recommendations of the Task Force on Climate-related Financial Disclosures⁴ (TCFD) since 2020.

In 2022, Swiss Life Asset Managers became a member of the Net Zero Asset Managers initiative (NZAM)³ 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 setting targets for the share of assets that is managed in line with the goal of net-zero emissions by 2050, or providing clients with further information and analysis on net-zero investing, among others. Swiss Life Asset Managers has so far committed 15% of total Assets under Management (AUM) to be managed in line with the attainment of net zero emissions by 2050. Further, Swiss Life Asset Managers has submitted the following three emissions reduction targets:

- a 20% decrease in carbon intensity (kgCO₂e/m²/annum) by 2030 for its real estate assets in scope compared to 2019;
- a 49% decrease in carbon footprint (tCO₂e/ MEUR invested using EVIC) by 2030 for fixed income assets in scope, compared to the 2021 baseline; and
- for securities to engage on climate goals with 20 high emitting companies by 2025.

Additionally, Swiss Life Asset Managers is committed to respecting human rights, including labour rights, as defined in the following principles:

- the International Bill of Human Rights;
- the Core Standards of the International Labour Organisation (ILO); and
- the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

As part of the Swiss Life Group, a signatory to the UN Global Compact (UNGC), we seek to take appropriate measures to identify, prevent, mitigate, and remediate human rights abuses. These measures are integrated throughout the

³ As of January 2025, NZAM has launched a review of the NZAM initiative. While the review is underway, NZAM has temporarily removed from their website the commitment statement, list of signatories and targets. More information about Swiss Life Asset Managers' NZAM commitment can be found under the link www.swisslife-am.com/net-zero-asset-managers.

⁴ For more information, please refer to Swiss Life's TCFD report under <https://www.swisslife.com/en/home/investors/results-and-reports.html>

investment cycle for our Securities, Real Estate and Infrastructure (equity and debt) activities, including pre-investment due diligence, continuous monitoring of held assets and post-investment engagement. Depending on the asset class, the focus lies on issuers or investees (Securities and Infrastructure equity / debt), or on key counterparties like major suppliers (Real Estate and Infrastructure equity) or commercial tenants (Real Estate).

4. ESG Governance Framework

Our responsible investment approach aims at integrating sustainability considerations in all core processes across all business units and functions. Swiss Life Asset Managers has therefore developed a dedicated ESG Governance Framework, as depicted in **Error! Reference source not found..**

To ensure the proper oversight of all ESG related topics, the ESG Board, a sub-committee of the Executive Committee of Swiss Life Asset Managers, has been established. The ESG Board owns Swiss Life Asset Managers' ESG vision, mission, and strategy. It is the decision-making body for major strategic initiatives and all asset class-overarching decisions in sustainability integration in asset management.

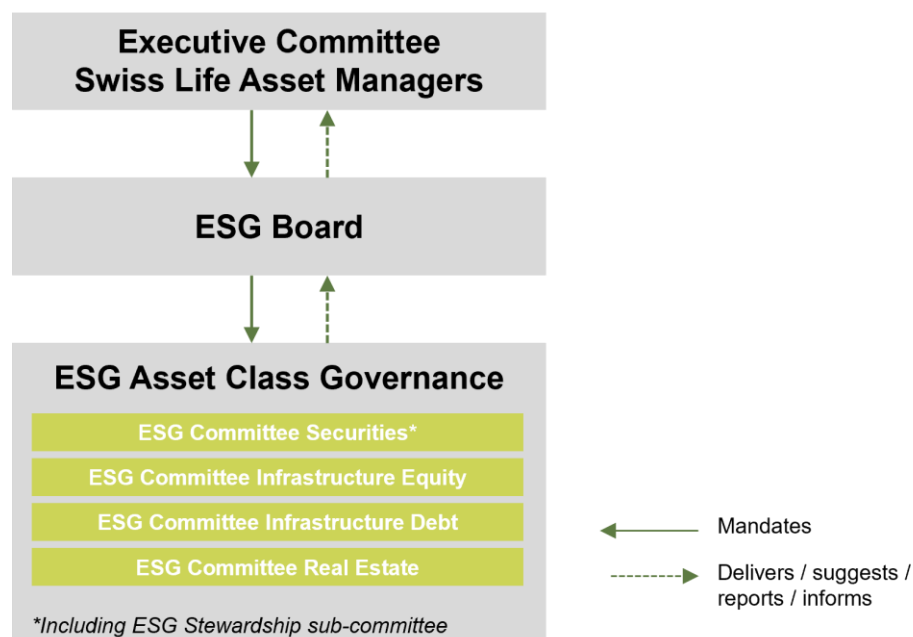


Figure 1. Swiss Life Asset Managers ESG Governance Framework.

Asset class-specific topics are discussed in the respective asset class specific ESG Committees. These committees are responsible for tasks including breaking down the overarching ESG corporate strategy into asset class specific strategies. They define asset class specific targets, implementation approaches, and policies, such as investment guidelines, and overseeing their execution.

A dedicated divisional ESG team is responsible for steering and implementing cross-departmental ESG initiatives and supports ESG implementation in daily business activities in close collaboration with ESG managers within business units. The divisional ESG team and business unit ESG managers implement the ESG strategy as outlined by the ESG Board and the asset class-specific ESG committees. Additionally, they initiate bottom-up ESG projects, provide expert knowledge across the organisation, and promote the consideration of ESG aspects in the different departments.

5. Management of Sustainability-related Risks

Measures to mitigate and/or adapt to sustainability-related risks form an important aspect of Swiss Life Asset Managers' fiduciary duty as well as our responsibility towards the broader society. We manage such risks in accordance with the concept of 'double materiality'. This concept encompasses not only external risks to the value of our investments (the outside-in perspective to materiality), but also the risks of negative impacts on environmental and social issues arising from our investment decisions and assets (the inside-out perspective to materiality). These inside-out risks can subsequently lead to outside-in risks, such as reputational damage or failure to meet our public commitments.

Sustainability-related risks can materialise at the asset/investment level, at the portfolio level, as well as at the investment manager level. These risks may significantly impact 'traditional risk' types (e.g., market risks, credit risks, etc.) and contribute to their materiality. Understanding the interconnections between sustainability-related risks and traditional risk categories is crucial in the investment decision-making process, leading to an integrated view on risk management. Due to the heterogeneity of asset classes and the associated risks, we differentiate between i) the asset class and ii) the pre-trade and post-trade controls when identifying these risks. The assessment of sustainability-related risks must also integrate consideration of the materiality of these risks, as well as critical thinking regarding their future evolution, which may rely on the use of scenario analysis.

For managing sustainability-related risks, Swiss Life Asset Managers has established ESG procedures across products and product categories. Several measures are used to this end across the investment lifecycle from pre-investment analysis to monitoring and stewardship during the holding period. For example:

- In the **Securities** asset class, we integrate both quantitative and qualitative ESG criteria derived from external ESG data providers and internal research into our financial analysis and investment decisions. The quantitative analysis is based on ESG ratings, controversy flags and other sustainability-related data provided by external data providers. The qualitative ESG assessment is implemented via a dedicated section in our internal credit sheets, presenting our own view of the issuer's ESG performance and assessing its potential impact on the bond issuer's credit quality next to traditional financial performance indicators.
- In the **Real Estate** asset class, all new investments are subject to an ESG assessment during the pre-transactional due diligence processes. Among other aspects, a key element in the assessment is the evaluation of physical and transitional climate risks. Such climate risks are afterwards also assessed as part of the annual risk assessments across our standing investments. Furthermore, all major new direct suppliers must fulfil specified conditions to ensure minimum ESG standards. This includes either including a contractual clause with minimum safeguards, signing a code of conduct, or sending an ESG awareness package.
- In the **Infrastructure** asset classes, we conduct a mandatory ESG assessment for all new investments as part of our comprehensive investment due diligence. This process includes a proprietary ESG questionnaire that generates an ESG rating, an evaluation of potential adverse sustainability impacts, and an in-depth climate risk assessment. The results of this due diligence may lead to the exclusion of investments that pose high ESG risks to our portfolios. During the holding period, we continuously monitor our investments against a broad range of ESG criteria to ensure transparency, highlight performance, and enhance ESG standards of the investee companies during ownership.

Additional details on the measures that contribute to our overall sustainability-related risk mitigation framework, including exclusions, ESG monitoring and assessments, and active stewardship, can be found in the following Chapter 6.

6. Responsible Investment Strategies

Swiss Life Asset Managers applies a multitude of responsible investment strategies, depending on the product and asset class in question. To reduce the complexity regarding the sustainability characteristics of our products, at Swiss Life Asset Managers we distinguish three overarching product categories: Traditional products, ESG products and Sustainable Impact products (see Figure 2 below). These Swiss Life Asset Managers' specific categories are characterised and distinguished by different levels of sustainability considerations, constraints and ambitions. The categorisation is designed to apply across the various jurisdictions in which Swiss Life Asset Managers operates. The categories as such do not directly correspond to regulatory definitions or terminology. For such regulatory product categorisations, clients are advised to consult the documentation of the individual product.

As illustrated in Figure 2, the responsible investment strategies applied by Swiss Life Asset Managers consist of three distinct layers – exclusions, objectives and active stewardship – which are applied differently depending on the product category and asset class. In addition, the three layers are complemented by our framework for sustainability risk management described in Chapter 5. These layers operationalise the sustainability priorities we set both at the company and product levels, while also ensuring that our practices align with regulatory requirements and the most recent market developments in sustainable finance. For translating the layers into concrete decision criteria across the product categories, Swiss Life Asset Managers has developed a proprietary 'ESG Rule Book'. While some of the rules apply universally across asset classes (as detailed in Section 6.1 below), other more specific technical rules are set specifically for each asset class (see Sections 6.2-**Error! Reference source not found.**).

Furthermore, some Swiss Life Asset Managers products apply measures regarding negative impacts as defined by the 'Principal Adverse Impact' (PAI) indicators found in the Regulatory Technical Standards (RTS) of the Sustainable Finance Disclosure Regulation (SFDR)⁵. The asset class-specific measures concerning these PAIs are described in Section 6.5.



¹ Certain traditional products may choose to promote selected ESG characteristics.

² Certain products (e.g., passive products) may decide not to apply all non-regulatory exclusions due to their specificities.

³ Engagement activities are applied at the entity level, while proxy-voting activities are applied at the financial product level. Refer to our Engagement Policy and Proxy-Voting Policy (see Section 7.1) for more details on the application scope.

Figure 2. Swiss Life Asset Managers product categories.

⁵ For more information, please refer to Annex I of Commission Delegated Regulation (EU) 2022/1288 under https://eur-lex.europa.eu/eli/reg_del/2022/1288/oj

6.1 Strategies for all Asset Classes

Exclusions

The first layer of our responsible investment strategies concerns exclusions, i.e., avoiding investments in or business relationships with companies that do not align with selected criteria. Beyond having to implement certain exclusions to fulfil regulatory requirements, Swiss Life Asset Managers also considers exclusions as a measure for establishing minimum ESG standards for our portfolios as well as for mitigating sustainability-related risks in our portfolios. From a risk point of view, we are convinced that safeguarding long-lasting, sustainable value requires some exclusion rules, to mitigate the risk of stranded assets or avoid investments in companies that are not ensuring the sustainability of their business models. Denying access to capital or restricting other forms of business relationships also puts pressure on sectors and business practices that are harmful to the environment or society. In other words, applying exclusions protects our clients' interests, preserves our business reputation, and mitigates our negative impacts by limiting our involvement in any controversial or harmful activities.

Swiss Life Asset Managers has defined common exclusion items that apply across all asset classes. While the operationalisation of such exclusions might differ due to the inherently different nature of the asset classes and their respective investment processes, these common items are excluded based on a common philosophy to abide with regulatory and normative exclusions, as well as to manage sectorial ESG risks. Additional information on asset class-specific details and considerations can be found below in Sections 6.2-**Error! Reference source not found.**. The common exclusions are:

- *International Sanctions (regulatory)*
 - Issuers, companies or assets sanctioned by the UN/EU/OFAC/CH sanction regimes
- *Controversial Weapons (regulatory and sectorial)*
 - According to war material acts and international treaties: Direct and indirect financing of prohibited war material / controversial weapons according to war material acts and international treaties applicable to Swiss Life Asset Managers entities, as well issuers, companies or assets listed under Anti Personal Mines and Cluster Munitions based on SVVK-ASIR⁶ and MSCI ESG (regulatory ⁷)
 - Prohibited war material / controversial weapons: Investment in issuers, companies or assets which have a tie in biological and chemical weapons based on MSCI ESG. Furthermore, issuers, companies, assets or real estate counterparties listed under SVVK-ASIR Nuclear Weapons (outside of NPT⁸) (sectorial)
- *Financial Action Task Force (FATF) (regulatory)*
 - Issuers, companies or assets that are classified as 'High-Risk Jurisdictions subject to a Call for Action' (high-risk) by the FATF
- *United Nations Global Compact (UNGC) (normative)*
 - Issuers, companies or assets violating at least one of the ten UNGC Principles, which set minimum

⁶ Swiss Association for Responsible Investments.

⁷ The SVVK-ASIR exclusions already apply under regulatory requirements for securities and infrastructure equity and debt. However, they are also voluntarily applied to real.

⁸ The 1970 Nuclear Non-Proliferation Treaty leads to the exclusion of arms manufacturers that produce nuclear weapons in a non-nuclear weapon state or that sell them to non-nuclear weapon states.

responsibilities in the areas of human rights, labour, environment, and anti-corruption⁹ based on MSCI ESG and proprietary research.

- *SVVK ASIR Conduct Based (normative)*

- Issuers, companies or assets listed under SVVK-ASIR, due to their involvement in activities that violate ethical standards, including but not limited to the production of controversial weapons, severe environmental damage, and serious human rights abuses, after confirmation by our proprietary research.

- *Thermal Coal (sectorial)*

- Issuers, companies or assets which generate a revenue of more than 10% with mining or selling thermal coal

Objectives

The second layer of our responsible investment strategies concerns the sustainability-related objectives set for products in the ESG and Sustainable Impact product categories. These objectives go beyond risk management by promoting specific sustainability characteristics or themes. For Sustainable Impact products, additionally, the objectives must include a contribution to a specific sustainability goal.

In contrast to exclusions (as presented above), where several common rules are defined for all asset classes, the objectives we set for our products are different for each asset class. More details on these can be found therefore in the asset-class specific Sections 6.2-**Error! Reference source not found.** below.

Entity Level Active Stewardship

The third layer of our responsible investment strategies is active stewardship. It complements the layers described above by contributing to both the mitigation of sustainability-related risks as well as enhancing the positive outcomes of our investments.

We exercise our ownership rights and exert influence as part of our fiduciary duty by actively engaging with investee companies and relevant stakeholders to address sustainability challenges and opportunities while safeguarding the financial interests of our clients. For example, this includes exercising our voting rights and conducting shareholder and tenant engagement, where relevant and in scope of our engagement and voting policy. These activities are monitored to enhance the quality and long-term value of investments and at the same time to promote more sustainable business practices. More details can be found in our dedicated Engagement and Proxy-Voting Policies¹⁰.

6.2 Strategies for Securities¹¹

Exclusions

For all actively managed products in the Securities asset class, the common exclusion items (regulatory, normative and sectorial) described in Section 6.1 apply.

⁹ By considering violations of the UNGC Principles in our exclusions policy together with the assessment of controversy flags mentioned in Chapter 5, we are indirectly also considering other relevant and overlapping standards, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the Core Standards of the International Labour Organization (ILO).

¹⁰ For more information, please refer to Swiss Life Asset Managers' Active Stewardship website under <https://www.swisslife-am.com/en/home/funds-invest/responsible-investment/active-stewardship.html>

¹¹ For passive products in the Securities asset class, the sustainability characteristics of the benchmark being tracked is assessed as part of the products' due diligence. Based on this assessment, the products are assigned to and marketed as belonging to one of the product categories presented in Figure 2.

For passively managed products, all regulatory exclusions described in Section 6.1 must be adhered to. The normative and sectorial exclusions described in Section 6.1, on the other hand, only apply if mentioned in the respective fund prospectus or contract, as the fund may decide to follow the benchmark exclusions instead or in addition.

Regarding normative and sectorial exclusions, engagement may be initiated prior to divestment (these engagement activities relate to “incident engagement” category described in the *Entity Level Active Stewardship* paragraph below)

Objectives

As outlined in Section 6.1, all ESG and Sustainable Impact products in the Securities asset class at Swiss Life Asset Managers must follow objectives that promote specific sustainability characteristics or themes. A non-exhaustive list of the objectives used for ESG and Sustainable Impact products includes:

- Mitigation of negative impacts based on mandatory Principal Adverse Impact (PAI) indicators defined in the Regulatory Technical Standards (RTS) of the Sustainable Finance Disclosure Regulation (SFDR)
- Significant outperformance compared to traditional benchmarks on specific ESG KPIs
- Setting a target for the share of investments made in alignment with the definition for ‘sustainable investment’ of the Sustainable Finance Disclosure Regulation (SFDR)¹²
- For a fund of funds, setting a target share for investments allocated to ESG funds
- Tracking ESG benchmarks
- Fulfilling the requirements of an ESG label at product level

Sustainable Impact products, in addition, focus on investing in companies that make a positive contribution to environmental and/or social objectives, aligned with Swiss Life Asset Managers’ sustainability priorities and the specific theme of the fund.

Entity Level Active Stewardship

The main Securities-related stewardship activities at Swiss Life Asset Managers encompass the exercise of proxy-voting rights and engagement with investee companies. Our engagement and voting activities are supported by relevant policies¹³ and processes, where the scope and priority topics are further defined. A key part of our proxy voting activity is the analysis of all voting items related to environmental or social topics. Swiss Life Asset Managers generally supports proposals which substantively improve the management of the company according to recognised principles¹⁴, which promote social or environmental aspects, good corporate citizenship, and environmental stewardship, while enhancing long-term shareholder and/or stakeholder value.

Engagement activities include the activities which are conducted individually by Swiss Life Asset Managers or in collaboration with other investors/stakeholders. Engagement activities at Swiss Life Asset Managers in Securities have specific engagement objectives and milestones with the aim to improve the long-term stakeholder value of portfolio companies and ultimately the quality of investments for our clients. The engagement outcomes inform our investment and voting decisions and are integrated into our escalation process. The decision to apply escalation measures depends on several factors, such as the nature and severity of the unresolved issues, the sustainability characteristics the portfolio

¹² For the definition, please refer to Article 2 of Regulation (EU) 2019/2088 under <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>

¹³ For more information, please refer to Swiss Life Asset Managers’ policies under <https://www.swisslife-am.com/en/home/footer/policies-legal-entities.html>

¹⁴ Principles and best practice recommendations such as the OECD Guidelines for Multinational Enterprises, UN Global Compact (UNGC), Global Stewardship Principles of the International Corporate Governance Network (ICGN) and the Principles of Responsible Investment (PRI).

aims to promote, the significance of our holdings in specific funds and the urgency for action on the topic and includes for example the vote against management proposals at Annual General Meetings, joining collaborative engagement efforts or ban new investments (any investment-related decisions will be taken at a portfolio level).

We make a distinction between two engagement pillars:

- *Thematic engagement*: Engagement activities related to the focus topics defined in our engagement strategy: Net Zero by 2050, Social & Human Rights and Biodiversity.
- *Incident engagement*: Engagement initiatives related to ESG controversies, or which are related to other negative ESG signals (e.g., ESG ratings, UN Global Compact alignment) based on Swiss Life Asset Managers' defined normative and sectorial exclusions and sustainability objectives.

6.3 Strategies for Real Estate

Exclusions

For the Real Estate asset class, the general exclusion practices introduced in Section 6.1 apply to major counterparties where we have a direct contractual relationship as an asset manager. This includes contracts with commercial tenants, operators or suppliers from development, construction, or operation, depending on the materiality of the business relationship. In exceptional cases, the general exclusions outlined in Section 6.1 may be waived, following a procedure expressly prescribed for such cases.

Objectives

The Real Estate asset class uses several strategies to implement the objectives layer. Firstly, both ESG products and Sustainable Impact products are required to define target thresholds for negative impact indicators at the portfolio level relating to exposure to fossil fuel industry and exposure to energy inefficient buildings. To distinguish the two product categories, the requirement levels for Sustainable Impact products are set higher than for ESG products. The targets are applied either to the present portfolio or defined as a requirement for the portfolio at a point in time in the future (e.g., by 2030). The targets are considered by assessing the negative impact indicators for new investments and through regular monitoring for existing portfolio's investments.

Secondly, ESG Products and Sustainable Impact Products within the Real Estate asset class must determine targets for at least four key performance indicators (KPIs) across environmental, social and governance issues included in our Real Estate ESG strategy. Concrete examples of ESG targets covered by product KPIs are:

Environment

- Reduction of CO₂ intensity of the portfolio
- Improvement of energy-efficiency of the portfolio

Social

- Tenant satisfaction surveys
- Accessibility characteristics

Governance

- Fund level external recognition label
- Asset level building certifications

- Relevant ESG aspects included in contracts with major suppliers
- Implementation of green lease contracts with tenants

Thirdly, products in the ESG product category may define a minimum share for investments made in real estate assets in line with a valid sustainable investment definition¹⁵, and products in the Sustainable Impact category must solely invest in such assets.

To ensure an effective implementation of the above objectives in the day-to-day operations at Swiss Life Asset Managers, a proprietary framework was developed for responsible property investment. It specifies how our strategic ambitions and priorities are implemented across the investment cycle of direct Real Estate management activities: from the investment level (via ESG assessment), across the development level (via sustainable construction guidelines), to the operational level (via consumption and tenant satisfaction monitoring and a variety of ESG-optimising operational standards and initiatives).

Entity Level Active Stewardship

In Real Estate, conventional shareholder mechanisms such as voting are not applicable. However, Swiss Life Asset Managers is committed to exert influence and improve ESG practices through the available stewardship tools with relevant stakeholders. We selectively engage with stakeholders such as tenants, suppliers and communities related to specific projects. Our engagement priorities in Real Estate are focused on the decarbonisation of our assets, tenant satisfaction and business integrity in our supply chain.

6.4 Strategies for Infrastructure

Exclusions

In the Infrastructure asset class at Swiss Life Asset Managers, we apply exclusion criteria to companies and assets we directly invest in on behalf of our funds. During the pre-investment phase, all potential investments undergo thorough screening based on these exclusion criteria as part of our comprehensive investment due diligence. Post-investment, we conduct ongoing monitoring at least annually to ensure continued compliance. These checks are performed by our local legal and compliance team for regulatory exclusions, and by our risk team, supported by asset management and ESG teams, for normative and sectorial exclusions. In addition to the general exclusion items described in Section 6.1, we adhere to supplementary exclusion criteria specific to the Infrastructure sector:

- *Oil Midstream*: Infrastructure will not invest or lend more than 20% of the fund size to projects primarily active in the oil midstream sector, i.e., in transporting, storing, or refining crude oil or refined products.
- *Oil and Gas Upstream*: Infrastructure will not invest in or lend to companies or assets that derive more than 10% of its value from non-renewable oil and gas exploration and production.
- *Coal Midstream and Downstream*: Infrastructure will not invest in or lend to companies or assets that derive more than 10% of its value from handling or burning coal.
- *Nuclear Power Production*: Infrastructure will not invest in or lend to companies that derive more than 10% of its value from nuclear power production.
- *Hazardous Materials*: Infrastructure will not invest in or lend to companies or assets that produce, make use of, or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres, and products containing PCBs. For radioactive materials, this does not apply to the procurement of medical equipment, quality control equipment or

¹⁵ I.e., eligible under EU Taxonomy definitions or in line with a proprietary sustainable investment definition.

other application for which the radioactive source is insignificant and/or adequately shielded.

- *Waste*: Infrastructure will not invest in or lend to companies or assets conducting cross-border trade in waste and waste products unless the activity is compliant with the Basel Convention and the underlying regulations.
- *Hazardous Substances*: Infrastructure will not invest in or lend to companies or assets producing or trading in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans.
- *Destruction of Critical Habitats*: Infrastructure will not invest in or lend to companies or assets destroying critical habitats. Critical habitats refer to specific areas occupied by species that contain the physical or biological features that are essential to the conservation of endangered and threatened species and that may need special management or protection.
- *Destruction of Forests*: Infrastructure will not invest in or lend to companies or assets that are directly involved in or source from suppliers involved in destruction of tropical natural forests or high nature value forests that are protected by national and international conservation laws and policies.
- *Tobacco*: Infrastructure will not invest in or lend to companies or assets that are directly involved in tobacco farming, production, and supplying.
- *Gambling*: Infrastructure will not invest in or lend to companies or assets that are directly involved in gambling, casinos, and equivalent enterprises, or hotels hosting casinos with substantial revenues from them.
- *Pornography and Prostitution*: Infrastructure will not invest in or lend to companies or assets relating to pornography or prostitution.

Objectives

Our ESG and Sustainable Impact product categories aim to achieve more than just mitigating sustainability risks. For both product categories in Infrastructure, the objectives include monitoring of ESG key performance indicators as well as ESG value creation as defined in the Active Stewardship section below. Some ESG products also follow an additional objective to consider specific environmental themes in the selection of investments. For Sustainable Impact products, this layer additionally requires investing in assets that deliver positive and measurable environmental and/or societal impact.

These objectives are guided by the Infrastructure ESG Strategy which prioritise key sustainability aspects such as climate change mitigation, the resilience of our infrastructure assets to environmental and climate-related risks, and the health and safety of employees, contractors, site visitors, and the general public.

The integration of sustainability criteria into our investment and asset management processes along with our focus on active shareholder engagement is guided by our internal Infrastructure Responsible Investment Manual.

Entity Level Active Stewardship

Our engagement approach in Infrastructure applies to investee companies, subject to the type of investment, the size of shareholding and Swiss Life Asset Managers' governance rights.

For assets where we hold significant influence over ESG issues, we establish and monitor targeted ESG actions and objectives, guided by the findings of our ESG due diligence. These ESG action plans are designed to address identified gaps and provide a structured framework for driving continuous ESG performance improvements. For assets with limited or no governance rights, we prioritise dialogue, direct communication and cooperation with lead shareholders or other stakeholders to address ESG issues.

Our engagement approach is constructive, aiming to enhance sustainability performance, transparency, risk management, and long-term value creation. When dialogue fails and ESG concerns remain unaddressed, we escalate our

efforts. Escalation measures are determined based on the severity of the issue, governance rights, and the size of the investments and may include, among other measures, voting against specific agenda items, voicing concerns to non-executive directors or corporate representatives, voicing concerns collectively alongside other investors, pursuing governance improvements and initiating management changes, or limiting financial support.

6.5 Strategies for Principal Adverse Impacts (PAIs)

For selected products, Swiss Life Asset Managers applies measures regarding negative impacts as defined by the 'Principal Adverse Impact' (PAI) indicators defined in the Regulatory Technical Standards (RTS) of the Sustainable Finance Disclosure Regulation (SFDR)¹⁶. These measures contribute to our overall approach to managing sustainability-related risks from a double materiality perspective, as described in Chapter 5.

The following describes some of our PAI-related measures. More details on the measures can be found in the 'statements on principal adverse impacts of investment decisions on sustainability factors' required by Article 4 of the SFDR, published annually by relevant Swiss Life Asset Managers entities¹⁷.

Securities

Corporate Issuers

For Securities products reporting under SFDR Art. 8, a subset of the mandatory entity-level PAI indicators, as defined in Table 1 of Annex I of the RTS, are considered through the application of the exclusions mentioned under Section 6.1. Furthermore, certain additional PAIs may be considered through engagement activities to improve the ESG practices of portfolio companies.

For Securities products reporting under SFDR Art. 9, all of the mandatory PAIs related to investee companies are considered under the 'do no significant harm' principle for Sustainable Impact products.

Sovereign Issuers

Swiss Life Asset Managers mitigates PAIs for investments in sovereign issuers within certain products (reporting under SFDR Art. 8), by restricting investments into countries that fail on a pre-defined set of environmental and social criteria that relates to the mandatory PAI as defined in Table 1 of Annex I of the RTS for sovereign issuers.

Real Estate

For Real Estate products, relevant PAI information is included in the pre-transactional ESG assessment mentioned in Chapter 5 and regularly monitored in the standing investment portfolios. In addition, as mentioned above in Section 6.3, for Real Estate products in the ESG and Sustainable Impact product categories, specific thresholds are defined for negative impact indicators. For products reporting under Articles 8 or 9 of the SFDR, PAI indicators 17 and 18 from Table 1 of Annex 1 of the SFDR RTS (exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets, respectively) are used for this purpose, with more ambitious thresholds for Sustainable Impact products.

In terms of PAI mitigation, in addition to the thresholds set for ESG and Sustainable Impact products, certain Real Estate products have defined specific decarbonisation targets.

Infrastructure

¹⁶ For more information, please refer to Annex I of Commission Delegated Regulation (EU) 2022/1288 under https://eur-lex.europa.eu/eli/reg_del/2022/1288/oj

¹⁷ The SFDR Article 4 statements of different Swiss Life Asset Managers entities can be found under <https://www.swisslife-am.com/en/home/footer/policies-legal-entities.html>

For the Infrastructure products that mitigate PAIs, a subset of the PAI indicators is mitigated through the application of the exclusions mentioned under Section 6.1.

Additionally, certain Infrastructure products assess PAI indicators as part of the pre-transaction ESG assessment mentioned in Chapter 5. These products also monitor PAI indicators across their investees and borrowers as part of the regular post-transaction monitoring activities.

Finally, some Infrastructure products may also choose to mitigate certain PAIs through engagement activities to improve the ESG practices of portfolio companies.

7. Sustainability-related Policies, Publications and Memberships

7.1 Policies and Disclosures

This Responsible Investment Policy is complemented by further policies and disclosures that support our responsible investment approach, including but not limited to the ones presented in the following table.

Policy/Disclosure	Purpose	Link
Engagement Policy	The Engagement Policy details our engagement with stakeholders to address environmental, social, and governance issues. It outlines the principles and activities that guide our engagement approach.	Link
Proxy Voting Policy	The Proxy Voting Policy outlines our principles and guidelines for exercising shareholder voting rights for Securities. The policy ensures that voting rights are exercised in the best interest of our clients.	Link
Policies and Disclosures of Local Entities	Our local entity-level policies and disclosures are tailored to meet the specific legal and market requirements of each country. They detail the specific approaches taken at a local level to ensure compliance and effectiveness.	Link

7.2 Publications

A number of publications by Swiss Life Asset Managers relate to the themes covered by this Responsible Investment Policy, including but not limited to the ones presented in the following table.

Publication	Purpose	Link
Responsible Investment Report	The Responsible Investment Report provides an annual overview of our key sustainability efforts and achievements. It highlights core initiatives and case studies that demonstrate our commitment to responsible investing and showcase the sustainability impacts of our strategies.	Link
Active Stewardship Report for Securities	The Active Stewardship Report for Securities outlines annually the stewardship activities, including proxy voting and engagement, that we undertake in support of our sustainability goals.	Link

Proxy Voting Dashboard	The Proxy Voting Dashboard provides an overview of our proxy voting activities. It allows stakeholders to explore our voting activities. Link
Net Zero Asset Managers (NZAM) Commitment	The Net Zero Asset Managers Commitment outlines our commitment to decarbonise parts of our Assets under Management under the Net Zero Asset Managers initiative (NZAMi) ¹⁸ . Link
Principles for Responsible Investment (PRI) Assessment Report	As part of our commitment to the Principles for Responsible Investment, we publish an annual PRI Assessment Report to demonstrate our dedication to responsible investing and provide stakeholders with insights into our sustainable investment practices. Link
Group-wide publications	Swiss Life Group, the parent entity of Swiss Life Asset Managers, publishes further sustainability-related disclosures and reports that detail group-wide strategies, commitments, and achievements. Swiss Life Asset Managers contributes to these reports by providing relevant information on its asset management activities. Link

7.3 Memberships

At Swiss Life Asset Managers, we further promote responsible investment through our memberships in various industry associations and initiatives. More detailed information can be found on our Active Stewardship website¹⁹ as well as on the Memberships and Reports²⁰ page of Swiss Life Group.

¹⁸ As of January 2025, NZAM has launched a review of the NZAM initiative. While the review is underway, NZAM has temporarily removed from their website the commitment statement, list of signatories and targets. More information about Swiss Life Asset Managers' NZAM commitment can be found under the link www.swisslife-am.com/net-zero-asset-managers.

¹⁹ For more information, please refer to Swiss Life Asset Managers' Active Stewardship website under <https://www.swisslife-am.com/en/home/funds-invest/responsible-investment/active-stewardship.html>

²⁰ For more information, please refer to Swiss Life's Memberships and Reports website under <https://www.swisslife.com/en/home/sustainability/memberships.html>

Disclaimer

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