

# Engagement policy

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## 1. Introduction

### 1.1 Swiss Life Asset Managers' sustainability ambition and core stewardship principles

Swiss Life Asset Managers' responsible investment approach was developed with the intention of contributing to financing a sustainable economy, while managing risks and impacts from a double materiality perspective<sup>1</sup> to deliver long-term value for our clients.

A key part of our responsible investment approach involves working towards a more environmentally sustainable future, taking intergenerational responsibility into consideration. Active stewardship at Swiss Life Asset Managers encompasses the exercise of voting rights at investee companies and engagement. Engagement includes dialogues and interactions with investee companies as well as with other stakeholders such as tenants, suppliers, shareholders, lenders and industry associations.

The following core principles guide our engagement activities:

- Engagement activities aim to preserve and enhance the quality and long-term value of investments while promoting more sustainable business practices.
- We aim to enhance shareholder rights, promote transparency, support initiatives in favour of human rights and contribute to mitigating or adapting to the consequences of climate change and biodiversity loss where they are relevant and material.
- Engagement activities should not result in undue costs or asset impairments.

Our approach considers key industry standards and recommendations, including the Swiss Stewardship Code (AMAS & Swiss Sustainable Finance), the Principles for Responsible Investment (PRI) and the International Corporate Governance Network (ICGN) Global Stewardship Principles. This policy is limited to engagement activities. Detailed information on other aspects of our responsible investment approaches can be found in our Responsible Investment Policy<sup>2</sup> and Proxy-Voting policy<sup>3</sup>.

### 1.2 Purpose and scope of this policy

This policy covers the engagement activities of Swiss Life Asset Managers in relation to the asset classes securities, infrastructure and real estate, managed on behalf of its clients, unless a client with an individual mandate has chosen to opt out of this policy. Some investments like loans, mortgages, sovereigns, passive investment strategies (i.e. index replicating strategies), and fund-of-funds are generally out of scope, mainly due to lack of data or specific constraints that are not compatible with our ESG approach. For some index replicating strategies and when mentioned in the fund prospectus or contract, engagement activities apply. In the context of fund-of-funds, engagement activities may be conducted by the underlying asset managers responsible for managing the respective funds, in accordance with their respective engagement policies.

The purpose of this policy is to set out the principles of Swiss Life Asset Managers' engagement activities, specifically to provide transparency on how engagement activities are conducted. It also describes the actions

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<sup>1</sup> 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.

<sup>2</sup> Please refer to our [Responsible Investment Policy](#)

<sup>3</sup> Please refer to our [Proxy Voting Policy](#)

we take to meet regulatory obligations, such as the European Shareholder Rights Directive (SRD2), Article 29 of the French Energy-Climate Law (loi énergie-climat [LEC]), the EU Sustainable Finance Disclosure Regulation (SFDR) and the Asset Management Association Switzerland (AMAS) Self-regulation on transparency and disclosure for sustainability-related collective assets<sup>4</sup>. This includes disclosing our principles, priorities and processes for engagement activities, how we integrate sustainability risks and consider principle adverse impacts with these activities.

### 1.3 ESG Governance Framework and resources

#### ESG Governance Framework

Our responsible investment approach aims at integrating sustainability considerations in all core processes. To streamline the implementation and to create internal synergies, the Swiss Life Asset Managers' ESG Board, a sub-committee of the Executive Committee of Swiss Life Asset Managers, has been established. The escalation body of the ESG Board is the Executive Committee of Swiss Life Asset Managers, which bears overall responsibility for Swiss Life Asset Managers. The Executive Committee of Swiss Life Asset Managers is embedded in the Governance Framework of the Swiss Life Group.

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

The ESG Securities Stewardship Committee is a subcommittee of the ESG Securities Committee. For other asset classes, engagement-related topics are decided in the respective asset class-specific ESG committees. The asset class-specific ESG committees and the ESG Securities Stewardship Committee report to and inform the ESG Board. This policy is reviewed regularly by these committees and is approved by the ESG Board.

#### Responsibilities and resources

The ESG teams of the different asset classes are responsible for defining the overall stewardship framework, policies, processes and strategies.

For securities, the dedicated ESG Engagement & Stewardship and the ESG analysts are responsible for leading the engagement activities. These activities are conducted in collaboration with portfolio managers and the ESG team.

For infrastructure, the engagement activities are conducted by the asset/portfolio managers with support from the ESG team.

For real estate, engagement activities are coordinated by the local real estate ESG managers in alignment with the ESG team.

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<sup>4</sup> Regulatory requirements may differ depending on the asset class and the specific Swiss Life Asset Managers entity involved.

#### 1.4 Due diligence of external research and service providers for engagement activities

For securities, engagement activities are conducted internally. We use external data and research providers to supplement the proprietary analysis of investee companies, which is relevant for defining our engagement objectives and to monitor progress. We conduct regular due diligence on the policies, processes and quality of services provided. We have also implemented internal data validation checks to identify inconsistencies, outliers and errors in the data provided.

For infrastructure, engagement activities are defined internally and monitored by the responsible asset managers. We use an external provider to support the assessment of climate-related risks of our assets. This assessment contributes to our engagement activities and objectives.

For real estate, engagement activities are conducted internally and externally, mainly through local asset and property managers who directly contact tenants and suppliers. To ensure alignment with our objectives, we establish property management agreements or other contracts to ensure that external service providers align their engagement activities with our priorities and expectations. We monitor the services of external property and asset managers through structured reporting and communication throughout each asset's lifecycle.

#### 1.5 Conflict of interests

Swiss Life Asset Managers has implemented internal processes and governance structures to address potential or actual conflicts of interests that may arise in our engagement activities. By following our core principles for our engagement activities, we ensure that we fulfil our fiduciary duty by always acting in the best interests of our clients. This requires us to diligently monitor and identify potential or actual conflict of interests. We have identified the following situations where conflicts of interest can arise (non-exhaustive list):

- The interest of one client conflicts with the interest of another client of Swiss Life Asset Managers.
- The interest of one of Swiss Life Asset Managers' fund management companies conflicts with those of another fund management company.
- Swiss Life Asset Managers is part of the Swiss Life Group, an insurance and financial group whose interests on particular topics may not always align with the interest of our clients.
- Swiss Life Asset Managers, or a Swiss Life Group company, holding a direct or indirect stake in a given investee company or another stakeholder.
- Personal relationships maintained by Swiss Life Asset Managers' board members, executives, employees, or their relatives, with investee companies or other stakeholders which are in scope of our engagement policy.

We are committed to the responsible management of conflicts of interest. Swiss Life Asset Managers has implemented internal conflict of interest processes and a relevant governance structure to prevent actual or potential conflict of interests that arise from our engagement activities. Among other measures, we separate engagement processes from affiliated persons and functions and generally refrain from engagement with affiliated companies. Potential and actual conflicts of interests are reported to the asset class-specific ESG committees. If conflicts of interest could affect the objectivity of our engagement activities, Swiss Life Asset Managers' compliance department is consulted. If required, the decision to pursue engagement activities is escalated to the ESG board and/or Swiss Life Asset Managers' Executive Committee. Decisions to pursue relevant engagement activities should be always in the best interest of Swiss Life Asset Managers' clients.

## 2. ESG engagement in securities

### 2.1 Scope

Engagement activities for securities cover listed equities and corporate bonds. Some investments like loans, mortgages, sovereigns, and passive investment strategies (i.e. index-replicating strategies) and fund-of-funds are generally out of scope. For some index-replicating strategies and when mentioned in the fund prospectus or contract, engagement activities apply.

### 2.2 Definition of engagement and engagement forms

Engagement consists of constructive dialogue between investors and investee companies to discuss how they can manage and improve the management of ESG risks and opportunities, as well as its contribution to long-term stakeholder value and positive sustainable outcomes.

Engagement activities at Swiss Life Asset Managers in securities have specific engagement objectives and milestones which aim to improve the long-term stakeholder value of investee companies and ultimately the quality of investments for our clients. The engagement outcomes influence our investment and voting decisions where relevant and are integrated into our escalation process.



Engagement activities for securities can take various forms, including:

- one-to-one dialogues;
- written exchanges;
- formal letters to executive directors and senior management;
- pre-disclosure of voting intentions for the Annual General Meetings privately to investee companies;
- support of public investor letters;
- participation in collaborative engagement.

### 2.3 Selection of engagement priorities

We differentiate between two ESG engagement pillars for securities:

*Table 1 ESG Engagement pillars*

	<b>Thematic engagement</b>	Engagement activities related to the focus topics Net Zero by 2050, Social & Human Rights, Biodiversity with the aim of proactively promoting sustainable business practices at our investee companies.
	<b>Incident engagement</b>	Engagement initiatives related to ESG controversies, or other negative ESG signals (e.g., ESG ratings, UN Global Compact alignment) with the aim of mitigating or remediating the identified sustainability issues.

## Thematic engagement

Thematic engagement is our proactive engagement pillar for securities, aimed at promoting sustainable business practices at our investee companies. The relevant themes are derived from Swiss Life Asset Managers' sustainability ambition. We prioritise and select engagement with investee companies based on the size of our exposure in relation to our portfolio and the total shares outstanding, the sector and the exposure of the sector to the relevant environmental and social issues, the portfolio companies' business practices and their transparency compared to peers as well as experiences from previous interactions with the investee company.

Based on the SFDR, Swiss Life Asset Managers uses thematic engagement activities to address several principal adverse impact indicators (PAIs)<sup>5</sup>. Swiss Life Asset Managers' engagement activities aim to contribute indirectly to the reduction of adverse impacts. This means that our activities may contribute to the reduction of the adverse impacts, however, the engagement objectives are not explicitly or exclusively related to PAIs. We monitor the company's progress related to the indicators (e.g. Greenhouse gas (GHG) emissions, violations of UN Global Compact principles) and insufficient progress may lead to the application of our escalation process.

Swiss Life Asset Managers has selected the following thematic engagement topics:

### *Net Zero by 2050*

In line with Swiss Life Asset Managers' membership of the Net Zero Asset Managers initiative, we believe that relevant investee companies need to transform their business activities to mitigate and adapt to the consequences of climate change. We are committed to seeking constructive dialogue and collaborative engagement with selected companies, businesses or stakeholders with the aim of supporting and contributing to their efforts to reduce GHG emissions and to limit temperature rises to 1.5 degrees Celsius above pre-industrial levels.

For significant GHG emitters selected as part of our NZAM<sup>6</sup> commitment, we focus our engagement objectives on:

- robust governance for climate-related risks
- transparent disclosures according to acknowledged standards (e.g. in line with the International Finance Reporting Standards (IFRS) S2 Climate-related Disclosures)
- board accountability for the oversight of the company's climate transition plan and the company's climate strategy
- 1.5 degrees Celsius aligned long-, medium- and short-term targets covering Scope 1, 2 and 3 greenhouse gas emissions
- capital expenditure on activities designed to mitigate climate change aligned with the investee companies' climate strategy
- a clear alignment of lobbying activities with the goals of the Paris Agreement.

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<sup>5</sup> More information can be found in the 'Statements on Principal Adverse Impacts of Investment Decisions on Sustainability Factors' as per Article 4 of the SFDR, published annually by relevant Swiss Life Asset Managers entities on their respective [website](#).

<sup>6</sup> More information on our NZAM commitment can be found on our [website](#).

## *Biodiversity*

Swiss Life Asset Managers believes that losses in biodiversity and ecosystem services cause a major risk to businesses, which has the potential to affect the investment value in the short, medium and long-term depending on the materiality and relevance of these risks for our investee companies. Ecosystem services (e.g. purification of water and air, pollination, raw materials) often go unpriced, which results in the excessive use of these services and the exploitation of ecosystems. This contributes to ecosystem decline and degradation. Particularly high-risk sectors that rely on stable ecosystem services, such as agriculture, the food industry and the maritime industry, may be at greater risk of overuse of ecosystem services and declines in key ecosystem functions.

In our engagement on biodiversity topics, we aim to promote business practices that contribute to a circular economy, which could include recycling, responsible waste disposal and use of recycled materials, among other aspects. Furthermore, we aim to support, for example, sustainable agriculture practices, the reduction of toxic emissions, efforts to reduce water consumption and efforts to end controversial deforestation practices.

## *Social and human rights*

Swiss Life Asset Managers' engagement theme on the social pillar focuses on human and labour rights and other social-related issues. We believe that investee companies in sectors with complex, global supply chains, and significant exposure to social issues are required to implement robust due diligence processes to identify, prevent and mitigate relevant risks and contribute to reducing inequalities. One of the global standards that aims to prevent, mitigate and address adverse human right impacts (and risks) is the UN Guiding Principles on Business and Human Rights. Together with the OECD's Guidelines for Multinational Enterprises, these standards help companies address global or local regulations related to human rights.

Our thematic engagement on social and human rights aims to encourage companies to implement the UN Guiding Principles on Business and Human Rights, develop fair labour practices, implement supplier codes of conduct aligned with international labour standards, conduct supply chain human rights due diligence, promote diversity and inclusion, and ensure access to basic services & goods as well as responsible and ethical products.

## **Incident engagement**

The incident engagement pillar focuses on investee companies where we identify negative ESG signals, such as ESG controversies or misalignment with the UN Global Compact or Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct. Investee companies with such signals will be assessed for engagement by the ESG team and portfolio managers, considering the materiality and severity of the ESG issues, the exposure in our portfolios and previous interactions with the company. In line with the recommendations of the OECD, Swiss Life Asset Managers prioritises cases that are *severe* and *systematic* in nature and where we expect positive engagement outcomes. The primary objective of these engagement activities is to encourage the company to take relevant remediation actions, gain a better understanding of the measures taken by the company to mitigate/remediate the identified sustainability issues and to incentivise the company to implement stronger policies and processes to prevent similar ESG risks in the future.

## 2.4 Monitoring of engagement activities

The ESG team, portfolio management teams and specific risk functions regularly monitor investee companies with ongoing engagement activities. With our monitoring process, we ensure that engagement activities in securities remain on track, that the portfolio companies fulfil the engagement objectives and milestones, but also that we assess investee companies' most recent disclosures and review potential ESG controversies and news flows. We document and record the following elements:

- the engagement objectives
- date and type of interactions
- the involved parties
- the main outcomes of the interactions
- the engagement status regarding the achievement of milestones and
- the status regarding our escalation process.

The status of the achievement of our engagement objectives and potential escalation measures (see section 2.5) related to the engagement are reported to the ESG Securities Stewardship Committee. The status of progress in achieving the engagement objective is measured with a milestone framework:

*Table 2 Engagement status of progress*

<b>Milestone 1</b>	The investee company acknowledges the concern that was raised.
<b>Milestone 2</b>	The investee company takes action to address the concern.
<b>Milestone 3</b>	The investee company successfully achieves the engagement objectives.
<b>Engagement failure</b>	The investee company fails to achieve the engagement objectives.

## 2.5 Escalation process

We understand the importance of holding constructive and collaborative dialogues with our investee companies based on clear engagement objectives and milestones. However, there are situations during our engagement activities where we consider that shareholder value and/or stakeholder value is at risk, making escalation measures necessary to encourage collaboration. In cases where we assess that a significant portion of our engagement concerns cannot be resolved through collaborative interactions, or where the investee companies fail to meet pre-defined milestones, we will consider escalation measures. The decision to apply escalation measures depends on several factors, such as the nature and severity of the unresolved issues, the sustainability characteristics the fund aims to promote, the significance of our holdings in specific funds and the urgency for action on the topic.

Our escalation process may include the following options; their use shall be assessed and tailored to each specific engagement (non-exhaustive list):





### 3. ESG engagement in infrastructure

#### 3.1 Scope

Swiss Life Asset Managers' engagement approach in infrastructure applies to all investee companies and borrowers, subject to the type of investment, Swiss Life Asset Managers' governance rights, the size of shareholding or the contractual rights under the loan agreement. Engagement activities are tailored to each specific investment strategy (e.g., Core/Core+, Value-Add, Debt). For assets where Swiss Life Asset Managers has control or co-control positions, seat(s) on the Board of Directors and/or veto rights at board level (Tier 1 assets in infrastructure equity), a proactive approach is implemented to drive ESG improvements, where this is deemed necessary. However, in cases where governance rights are limited or non-existent (Tier 2 assets or Tier 3 assets in infrastructure equity and investments in infrastructure debt), engagement may be limited or may not be possible.

#### 3.2 Definition of engagement and engagement forms

We distinguish between two types of ESG engagement in our infrastructure activities:

**Insight-driven engagement:** This is driven by our objective to encourage and incentivise investee companies, borrowers or other stakeholders to improve ESG disclosure. It requires direct interaction between asset managers or portfolio managers with investee companies, borrowers or other stakeholders and is performed via the annual ESG assessment.

**Outcome-driven engagement:** This form of engagement takes place in infrastructure equity and involves constructive dialogue on material ESG issues that can be addressed over the short, medium, and long term. Outcome-driven engagement activities must be able to influence the company's business practices, have a clear objective and require the involvement of asset managers. The aim of these activities is to support companies in addressing material ESG issues in a way that strengthens long-term stakeholder value and, where possible, contributes to positive sustainable outcome.

Engagement activities in infrastructure can take various forms, such as Board representation, exercising shareholder or lenders' voting rights, participation in management meetings, or direct dialogue with management, shareholders, borrowers, agents or other stakeholders, or organisation of events.

#### 3.3 Selection of engagement priorities

Our proprietary ESG due diligence and monitoring framework is designed to embed sustainability into every investment decision and asset management activity. This comprehensive approach ensures that ESG risks and opportunities are thoroughly addressed. It also allows us to gather ESG insights in a structured and consistent way and to identify ESG gaps and areas for improvement, which forms the foundation of our engagement approach. Our ESG framework integrates multiple layers of analysis:

- **ESG survey and rating:** Assessing each investment with a proprietary survey that covers the most material environmental, social, and governance factors, resulting in a proprietary ESG rating for each asset.
- **Climate risk assessment:** Assessing both transition risks (e.g. policy shifts, market changes) and physical risks (e.g. climate hazards, extreme weather) for each asset, via generally acknowledged standards and using an external science-based tool.

- **Principal Adverse Impact (PAI) evaluation:** Assessing PAI indicators to measure each asset's adverse impacts (on a voluntary basis for assets held in financial products that are not subject to SFDR).
- **Strategic ESG alignment:** Ensuring each asset aligns with our ESG strategy and our sustainability objectives.
- **Regulatory & disclosure compliance:** Mapping ESG factors against the individual sustainability disclosure frameworks of each product as governed by SFDR and AMAS self-regulation.

### Insight-driven engagement

We actively encourage the disclosure of relevant ESG information as we consider it to be the starting point for ESG-related interactions across the portfolio, regardless of governance rights. It enables us to monitor ESG performance, identify material risks and opportunities, and shape more targeted, outcome-driven engagement actions where required and possible.

### Outcome-driven engagement

**ESG action plan:** In infrastructure equity, our selection of outcome-driven engagement priorities is derived from the ESG due diligence and monitoring framework. This framework helps us define engagement objectives for Tier 1 assets which we embed into the value creation plan in a form of an ESG action plan. When designing the ESG action plans, we consider both how ESG factors may affect the investments financial performance and how the investments may impact the environment and society. These objectives help us ensure that each such investment is equipped to enhance sustainability performance, manage risks effectively, and create long-term value. The ESG action plans continuously evolve to reflect emerging sustainability challenges, resources, regulatory developments, and stakeholder expectations.

**Governance-related outcome-driven engagement and other ESG initiatives:** In addition, in case of equity investments and where relevant, we identify governance-related engagement opportunities through our participation in board meetings and relevant committees. As this contributes to strategic decision-making and influences long-term value creation, we consider such involvement a form of outcome-driven governance engagement where we can directly ensure good governance practices and enhance shareholder rights. We also include ESG initiatives led by the investee companies – regardless of whether they are part of our formal ESG action plan – when we have been involved in shaping or influencing those decisions.

### Infrastructure engagement for PAI mitigation

Based on the SFDR and for products subject to this regulation, Swiss Life Asset Managers considers outcome-driven engagement activities in infrastructure equity investments as key to addressing and mitigating the PAIs identified during investment due diligence and ongoing monitoring. We assess all mandatory and selected optional PAIs chosen individually for each product such as GHG emissions during investment due diligence and define targeted engagement actions to drive improvement post-investment across these PAIs, subject to the scope of our influence and governance rights as defined in section 3.1.1. During ownership, we conduct an annual PAI review of our portfolios, track progress, and adapt engagement strategies to address adverse impacts identified during monitoring. If PAIs do not improve over multiple reporting periods, we will escalate our engagement activities (for more information, please refer to chapter 3.5).

For infrastructure debt investments, we do not use engagement as a measure for mitigating PAI indicators according to the SFDR.

### 3.3.1 ESG themes for outcome-driven engagement

Engagement activities within the outcome-driven engagement pillar could, for example, cover the following topics (this list is non-exhaustive):

*Table 3 ESG themes infrastructure*

<b>Environmental-focused</b>	Decarbonisation, carbon footprint reduction and energy efficiency, renewable energy integration, mitigation and adaptation strategies to combat material climate risks, water and waste management practices, biodiversity and habitat protection, pollution control, sustainable resource use.
<b>Social-focused</b>	Labour practices, employee health and safety, diversity and inclusion, community engagement, human rights, education and training, customer and stakeholder relationships, social impact assessment.
<b>Governance-focused</b>	Board and management composition and diversity, corporate ethics and compliance, risk management, transparency and disclosure, executive compensation, policy advocacy, data privacy and cybersecurity, institutionalisation of ESG corporate policies and guidelines.

### 3.4 Monitoring of engagement activities

We systematically monitor ESG engagement activities and report on them to ensure transparency, accountability, and specific engagement outcomes which contribute to improving the stakeholder value of our assets. To track engagement activities, we monitor the following aspects:

#### Insight-driven engagement

- We monitor the number of annual ESG assessments conducted as it provides a structured and consistent mechanism for collecting ESG data across all investments. The assessment ensures a formal, comparable baseline for ESG insights.
- **Voting:** In infrastructure debt investments, if relevant and considering the type of investments, we monitor the number of votes cast.

#### Outcome-driven engagement

- **ESG action plan initiatives:** In infrastructure equity, we monitor the progress of ESG initiatives planned by the investment and asset management teams as they progress from “not started” to “completed”.
- **Board meetings and other committee meetings:** In infrastructure equity investments, we document Swiss Life Asset Managers’ participation in board meetings and other relevant committees or meetings (e.g. remuneration or audit committees, strategic management meetings).
- **ESG initiatives driven by the investee company:** In infrastructure equity investments, we monitor additional ESG actions or initiatives undertaken by the portfolio companies where Swiss Life Asset Managers actively contributed to discussions and decision-making, regardless of whether formal voting in board meetings or other committee meetings was required.

ESG engagements are recorded by the asset or portfolio managers and reviewed by the ESG Committee Infrastructure Equity (ESG CIE) and/or ESG Committee Infrastructure Debt (ESG CID) at least annually. Reporting takes place annually.

### 3.5 Escalation process

When company dialogue fails to address material ESG concerns, the asset manager or portfolio manager of the respective company is responsible for escalating failed or unresolved engagements. The ESG CIE or ESG CID reviews the proposed escalation strategy, ongoing monitoring, and reporting of engagement outcomes.

Escalation measures are determined based on the severity of the issue, governance rights, and the size of the shareholding or type of investments, and may include:

- Voting against specific agenda items
- Voting on matters that are triggered by lenders' decision rights under the debt documentation
- Direct engagement with non-executive directors or corporate representatives, either verbally, in writing, or at annual general meetings (AGMs)
- Collaborating with other investors, asset managers or lenders to collectively raise concerns
- Filing shareholder resolutions
- Convening extraordinary shareholders' meetings
- Pursuing governance improvements, including changes in board composition
- Restricting financial support and
- Considering divestment if engagement efforts fail to yield meaningful ESG improvements.

## 4. ESG engagement in real estate

### 4.1 Scope

Engagement activities for real estate generally apply to all directly held real estate assets across all Swiss Life Asset Managers entities. Depending on the form of engagement, they may focus on different groups of property types and stakeholders which are outlined further below. In real estate, conventional stewardship (active ownership) mechanisms such as voting or shareholder engagement are not applicable. However, Swiss Life Asset Managers is committed to exerting influence and improving ESG practices through the available stewardship tools with relevant stakeholders.

### 4.2 Definition of engagement and engagement forms

At Swiss Life Asset Managers, engagement in real estate can comprise collaborative dialogues with different stakeholders (e.g. tenants, suppliers), in distinct stages of the value chain (e.g., development, facility management, portfolio management etc.), and will vary according to the type of the asset (e.g., commercial property, residential, etc.), and the ESG issue concerned. On a case-by-case basis we engage with other stakeholders, e.g. with communities in the context of development projects.

Swiss Life Asset Managers' main engagement forms for real estate may include:

- Tenant satisfaction surveys and meetings
- Tenant ESG awareness factsheets
- Green lease clauses and
- Supplier engagement.

These activities are coordinated by the local teams (e.g. asset managers or ESG managers) of the relevant Swiss Life Asset Managers entity.

### 4.3 Selection of engagement priorities

Swiss Life Asset Managers engagement priorities in real estate are based on the Real Estate ESG strategy, which includes the decarbonisation of our assets, tenant satisfaction and business integrity in our supply chain.

**Tenant satisfaction surveys:** With our tenant satisfaction survey we aim to monitor their satisfaction with the rental property (for all assets). We aim to increase the awareness on sustainability topics, create a dialogue to provide more targeted solutions and to better understand their needs and potential synergies. Surveys are conducted on a regular basis. Where appropriate, feedback is followed up directly with tenants and we also seek to derive generalised insights on what impacts our tenants' satisfaction level.

**Tenant ESG awareness factsheets:** With the distribution of ESG awareness material (e.g. water/energy saving strategies and tips) to residential tenants, we aim to support and enable tenants to include sustainability considerations in the use of building facilities.

**Green lease clauses:** With the green leases we aim to incentivise tenants to reduce carbon emissions and to contribute to Swiss Life Asset Managers' decarbonisation commitments. Therefore, where possible and eligible, we integrate green lease clauses within new leases. Besides energy efficiency measures, the leases generally include waste management, resource consumption and data sharing as elements of the clause.

**Supplier engagement:** As part of our supplier engagement process, major suppliers must complete and submit a detailed sustainability questionnaire covering corporate social responsibility, environmental practices, and health & safety. We review and assess their responses to ensure they meet our minimum standards before renewing contracts. This process is currently implemented exclusively for Swiss Life Asset Managers in the UK. For all other entities of Swiss Life Asset Managers, new major suppliers are screened on a risk-based approach. Where assets are declared as sustainable investments<sup>8</sup>, they are invited to answer a questionnaire on their ESG practices and when relevant, they might be engaged to improve.

In real estate, we do not use engagement as a measure to mitigate PAI indicators according to the SFDR.

The described engagement activities with stakeholders directly support investment and ESG performance. The activities allow us to better understand their operational performance, business plans and ESG aspirations, all of which contributes to the long-term value of our assets.

#### 4.4 Monitoring of engagement activities

The engagement activities are tracked by the ESG managers and/or asset managers and are regularly reported to the ESG Committee Real Estate.

The following key performance indicators are tracked to monitor the progress of our activities:

- Percentage of lettable area of assets which have implemented green lease contracts
- Percentage of tenants contacted to the tenant satisfaction surveys and their responses
- Percentage of new contracts for direct service suppliers that include relevant ESG aspects.

The monitoring and tracking of this information are key to understanding asset performance, informing efficiency and cost-saving measures that ultimately benefit the tenant. Tenant engagement is also critical to supporting effective implementation of onsite renewables.

#### 4.5 Escalation process

In most cases, we cannot escalate single tenants' behaviour based on green leases, tenant satisfaction surveys or tenant ESG awareness materials.

In some rare cases where we identify significant ESG controversies with our suppliers or tenants we might escalate the engagement, depending on the aim of the engagement objectives, the type of asset and local legal requirements. Escalation measures might include one-to-one dialogues, a letter of intention to terminate (or not extend) a tenancy agreement or a supplier contract and, as a last resort and where possible, to terminate a tenancy or supplier agreement.

Escalation measures are decided within the local Real Estate committees or the ESG Committee Real Estate, depending on the type of the issue and its urgency. Issues requiring more urgent, real-time responses at the property-level are typically a delegated responsibility of the local property manager.

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<sup>8</sup> This applies to Swiss Life Asset Managers' product categories "Sustainable Impact", and partially to "ESG Products", which must or may contain Real estate assets declared as sustainable investments (as defined under the EU Taxonomy regulation, or under a proprietary definition).

## 5. Collaborative engagement

At Swiss Life Asset Managers, we participate in collaborative engagement activities which are in line with our engagement priorities. In particular situations, collaborative engagement is the most effective and efficient approach for us to achieve our engagement objectives. Collaborative engagement is particularly important when we have significant concerns but only a small stake or limited leverage in an investee company. By joining forces with other investors and stakeholders, it enables us to strengthen our engagement efforts and to enhance our engagement outcomes.

In these collaborative initiatives, we participate in engagement activities with the aim of aligning engagement objectives, sharing analysis and research resources and deciding on appropriate engagement measures. We participate in co-signing investor letters, provide input to research documents or support shareholder resolutions at annual general meetings, while always taking our voting and investment decisions independently from other investors. We are cognisant of the value of collaborating with other investors and shareholders, as we believe that it increases the urgency and relevance of engagement demands to stakeholders.

Swiss Life Asset Managers' participation in collaborative engagement initiatives can take on many forms. For example, we participate in investor coalitions which aim to encourage significant GHG-emitting companies to adopt credible transition plans and to align them with the Paris Agreement. In addition to participating in collaborative initiatives with investee companies, we are also a member of various industry associations and other efforts that support our engagement activities.

Swiss Life Asset Managers' collaborative engagement activities are conducted in line with relevant statutory rules and guidelines from regulatory authorities, including those on insider trading, regulations regarding acting in concert and market abuse regulations.

For more details and a full list of memberships and initiatives supported by Swiss Life Asset Managers, please refer to our website<sup>9</sup>.

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<sup>9</sup> Please refer to [Active Stewardship at Swiss Life Asset Managers](#).



## 6. Public policy engagement

Public policy engagement in the context of responsible investing includes collaboration with governments, regulators, and industry associations to contribute to credible public policies that support sustainability and ESG efforts. At Swiss Life Asset Managers, this includes engaging with regulatory authorities, policymakers, and key industry stakeholders to promote policies and regulations on topics which are in line with our engagement priorities.

Aware of the fact that the ESG regulatory landscape remains fast evolving, Swiss Life Asset Managers provides its input and expertise on ESG-related regulations through industry associations, participation in relevant industry-led roundtables, or by providing input via regulator-backed working groups.

Public policy engagement at Swiss Life Asset Managers can take various forms. For example, we participate in the development of industry standards allowing for comparable reporting of real estate portfolios on carbon intensity. We also participated in AMAS' and Swiss Insurance Association's (SIA) working groups related to sustainable finance.

We believe that participating in public policy engagement activities related to responsible investing is instrumental in fostering regulatory changes that will ultimately benefit investors. Our public policy engagement in particular aims to:

- advocate for a public policy framework that promotes transparency, credibility and comparability of sustainability disclosures
- strengthen the long-term responsibility of asset managers and the role they play in sustainable finance
- contribute to strengthening standards and practices related to sustainability and corporate governance to enhance the long-term value of our investments.

For more details and a full list of memberships and initiatives supported by Swiss Life Asset Managers, please refer to our website<sup>10</sup>.

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<sup>10</sup> Please refer to [Active Stewardship at Swiss Life Asset Managers](#).

## 7. Reporting

Swiss Life Asset Managers is committed to both monitoring and reporting on our engagement activities on a regular basis, ensuring transparency in our engagement activities.

We publish an array of reports that demonstrate our activities. In our annual Responsible Investment Report, we report on key engagement insights for all asset classes. We also have further, asset class-specific reports:

### *Securities*

- Annual Active Stewardship Report. This report provides details of our engagement and voting activities for securities, including case studies and the most relevant KPIs.
- Voting activities on our website using the Vote Disclosure Services (VDS) from ISS (Institutional Shareholder Services).
- Client reporting: fund-specific reporting for clients.

### *Infrastructure*

- Client reporting: fund-specific reporting for clients.

### *Real estate*

- Client reporting: the level of reporting is tailored to the client. Asset-level, fund-level or tenant-level reporting can be provided if required.
- For Swiss Life Asset Managers in UK we provide engagement-related disclosures in the UK Stewardship Report and the UK Social Value Report.

**Disclaimer**

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