Swiss Life Asset Managers Responsible Investment Policy

September 2024

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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 owner and manager of assets, we carry a responsibility towards society and the environment alongside our fiduciary obligations towards our clients. By assessing Environmental, Social and Governance (ESG) criteria along with financial metrics and risk factors, we aim to generate a more sustainable outcome and increase the long-term quality of our investment portfolios. Swiss Life Asset Managers is committed to the Principles for Responsible Investment (PRI) and our responsible investment approach is aligned with the PRI guidelines.

Swiss Life Asset Managers' approach towards responsible investment is based on three pillars of responsibility: fiduciary duty, intergenerational responsibility and active stewardship. Dedicated to our fiduciary duty, our responsible investment approach intends to contribute to the financing of a more sustainable economy, while managing downside risks from a double materiality perspective (i.e. risks arising from social and environmental impacts on the company (outside-in perspective) and risks arising from the company's impacts on society and the environment (inside-out perspective) in order to deliver long lasting value for our clients. We carry responsibility towards future generations to maintain a prosperous environment while pursuing our goals. Therefore, we aim to align our fiduciary duty and intergenerational responsibilities by focusing on solutions which reconcile the creation of economic, environmental and social value. Moreover, through active stewardship we support and engage with initiatives, organisations, corporates and tenants to promote a more sustainable economy.

To reconcile our responsibilities as an asset manager with current societal challenges, we have defined Swiss Life Asset Managers' sustainability ambition as follows: mitigating climate change and biodiversity loss while empowering people and fostering business integrity. This ambition is used as a compass throughout our responsible investment activities. To act upon this ambition, we have built a responsible investment approach around five functional pillars: ESG data, sustainability risk and opportunity assessment, sustainable product offering, active stewardship and transparent reporting. For each pillar, concrete action plans have been defined to meet our ambition and deliver state-of-the-art sustainable solutions to our clients.

To transform our business model and ensure competitiveness in a low-carbon economy, Swiss Life Asset Managers is committed to developing and offering services that meet the evolving needs of our clients and investors. This transformation involves integrating comprehensive environmental, social, and governance (ESG) criteria into our investment processes and decision-making. We draw on relevant ESG data to build innovative and reliable product solutions that align with regulatory requirements and resonate with our clients. We assess sustainability risks and opportunities with distinctive and credible measures and promote sustainable practices among our stakeholders through an encompassing engagement strategy framework and proxy-voting policy. By leveraging innovative technologies and practices, we aim to enhance the sustainability of our investment portfolio, aligning it with global climate goals and regulatory requirements.

2. Scope and Purpose of the Policy

This responsible investment policy covers bonds, equities, real estate and infrastructure (equity and debt) and applies to business functions such as portfolio management, risk management and sales and marketing. Some asset classes like loans, mortgages and passive investment strategies (i.e. index replicating strategies) are out of scope, mainly due to lack of data or specific constraints that are not compatible with a full fledge ESG integration.

The purpose of the policy is to describe the various aspects of our responsible investment approach across the different asset classes and product categories and to promote transparency across the Swiss Life Asset Managers' organisation.

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 overcome these challenges, we aim to consider ESG factors 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 state of the art ESG disclosures, in order 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 (NZAMi), we continue to seek and implement improvement potentials within our responsible investment approach, to increase our contribution to the targets of larger global frameworks like the UN Sustainable Development Goals (SDGs) or 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 customer 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 provided in the long term, which is why we support the targets of the Paris Climate Agreement and have applied the recommendations of the TCFD[1] since 2018.

In 2022, Swiss Life Asset Managers became a member of the Net Zero Asset Managers initiative (NZAMi) to support the global goal of net zero greenhouse gas (GHG) emissions by 2050 and promote investment measures that are aligned with that goal. This includes the obligation to set targets for the share of assets that is managed in line with the goal of net-zero emissions by 2050 or sooner, providing clients with further information and analysis on net-zero investing, 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:

1. a -20% decrease in carbon intensity (kgCO2e/m2/annum) by 2030 for its real estate portfolios in scope compared to 2019;
2. a -49% decrease in carbon footprint (tCO2e/ MEUR invested using EVIC) by 2030 for fixed income portfolios in scope, compared to the 2021 baseline; and
3. for securities to engage on climate goals with 20 high emitting companies by 2025P[2].

[1] More detailed information is available in Swiss Life's TCFD Report.

[2] More detailed information is available on the Net Zero Asset Managers Website

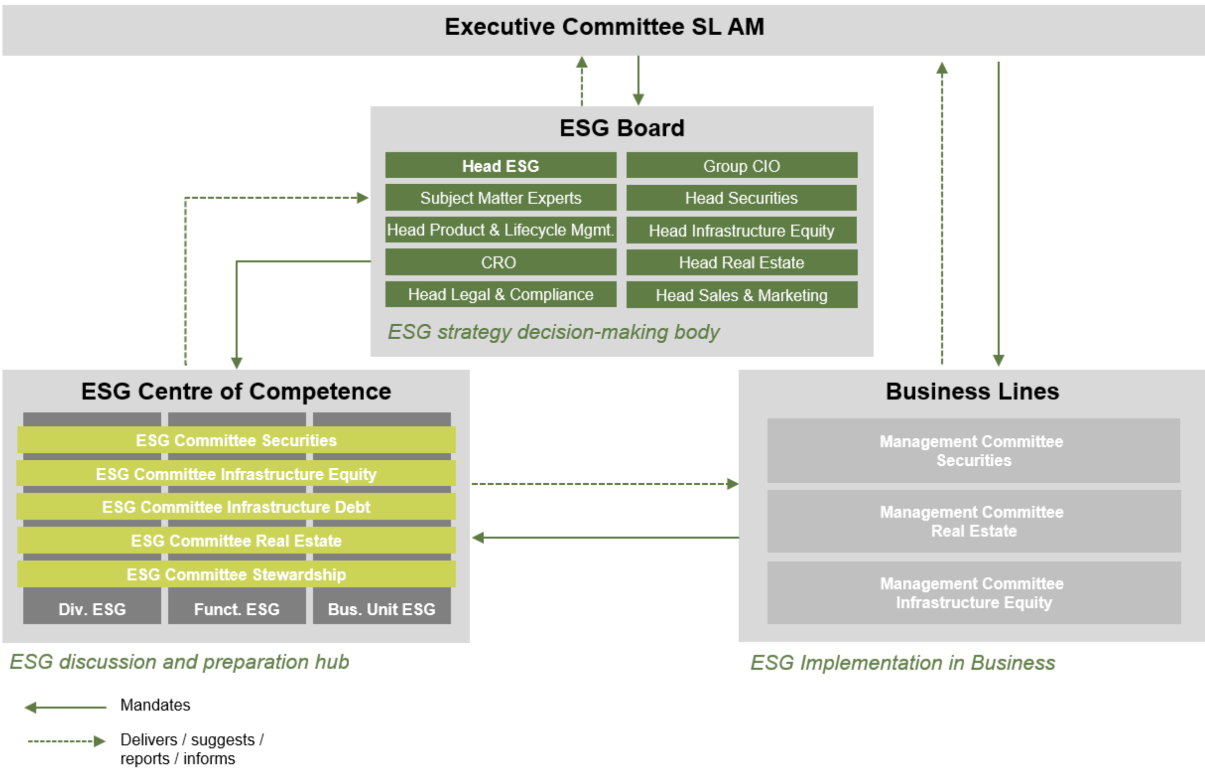
Furthermore, Swiss Life has successfully completed its green investment program by having invested over CHF 2 billion in green bonds by the end of the reporting year 2023. Additionally, Swiss Life Asset Managers is committed to respecting human rights, including labour rights, as defined in the following 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 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 the issuer or investee company itself (Securities and Infrastructure (equity and debt)), or on key counterparties like key suppliers (Real Estate and Infrastructure (equity)) or commercial tenants (Real Estate).

3.1 ESG Governance Framework

Our responsible investment approach aims at integrating sustainability considerations in all core processes across all business units and functions. To streamline the implementation and to create internal synergies, the Swiss Life Asset Managers' ESG Board (ESG Board), a sub-committee of the Executive Committee of Swiss Life Asset Managers, has been established. The 'ESG Board' owns SL AM's ESG vision, mission, and strategy. It is the decision-making body for major strategic initiatives and all asset class-overarching decisions in the area of sustainability integration in asset management. It is chaired by the Head of ESG. In addition to the Group Chief Investment Officer (CIO), it comprises the heads of the three business units Securities, Real Estate and Infrastructure Equity, the Head of Legal & Compliance, the Head Product & Lifecycle Management, the Head Sales & Marketing, and the Chief Risk Officer.



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 for each asset class, defining targets, implementation approaches, and policies such as investment guidelines and overseeing their implementation. The proposals they develop are then submitted to the asset class management committees for a final decision and implementation.

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 the local ESG managers. The divisional and local ESG teams implement the ESG strategy as outlined by the ESG Board and initiate bottom-up ESG projects. While doing so, the divisional and local teams provide specialist knowledge across the organisation and promote the consideration of ESG aspects in the different departments.

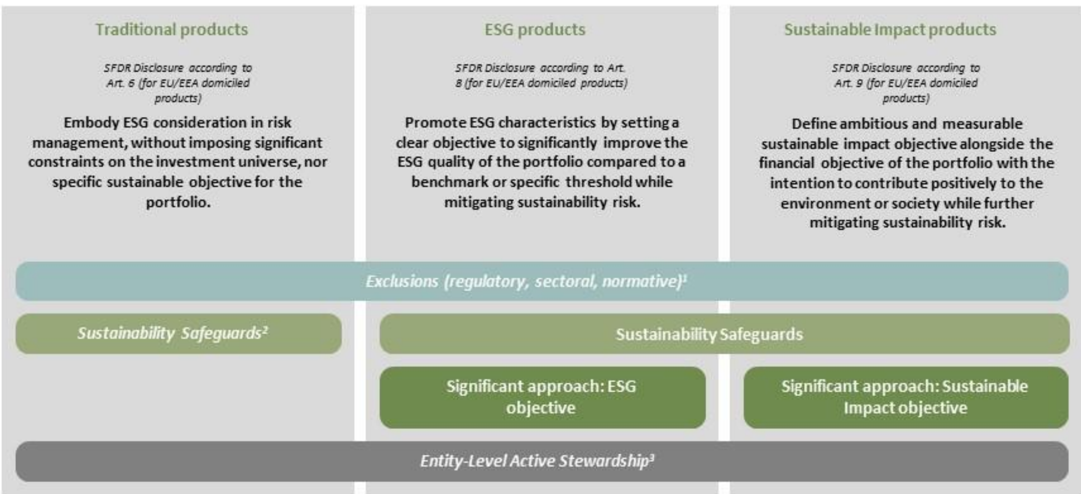
We want to achieve a cultural change in the day-to-day processes of all our teams, from portfolio and asset managers, to risk management, marketing, sales and human resources. By encouraging and supporting our teams to ramp up ESG expertise in all areas of our business, we aim to bridge the gap between business knowledge and ESG expertise. We therefore launched an ESG ambassadorship program. The program encourages employees from various business areas to take part in trainings and networking sessions related to ESG topics. These ESG ambassadors then subsequently pass the obtained knowledge on to their colleagues. This cascading principle aims to ensure knowledge sharing throughout the organisation, as well as to foster innovation in all departments. Moreover, targeted events throughout the year help build a strong ESG community that fosters ESG as part of our culture.

4. Responsible Investment Strategies for all Asset Classes

The transition to a more sustainable business model is a challenging process due to the need for significant changes in operations, the requirement for substantial financial investments, and the necessity of aligning with evolving regulatory frameworks. Therefore, Swiss Life Asset Managers aims to actively support our stakeholders on this journey, recognizing the complexities and efforts involved in making these fundamental shifts. To ensure a harmonised responsible investment approach, Swiss Life Asset Managers has created a proprietary “ESG Rule Book”, which aims to address Swiss Life Asset Managers’ sustainability priorities, while at the same time complying with the most recent regulatory and market developments in sustainable finance. The ESG Rule Book covers both Securities (e.g. bonds and equities) and Real Assets (e.g. Real Estate, Infrastructure Equity, and Infrastructure Debt). It serves as the core framework for Swiss Life Asset Managers to address ESG in a comprehensive and structured manner.

Swiss Life Asset Managers offers three different product categories: Traditional products, ESG products and Sustainable Impact products. As defined within the ESG Rule Book, different levels of ESG considerations, constraints and ambitions are applied, depending on the product category.

Swiss Life Asset Managers product categories



[1]Certain traditional products may not apply all exclusions.
[2]Certain traditional products apply sustainability safeguards.
[3]Engagement activities are applied at the level of Swiss Life Investment Management Holding Ltd and not at the level of the financial products. For proxy-voting activities the relevant thresholds defined in the proxy-voting policies apply.

4.1 Exclusions

We are convinced that safeguarding long-lasting, sustainable values requires some exclusion rules, especially when it comes to the risk of stranded assets and/or for companies which are not taking minimum steps to enable the transition to a more sustainable business model (e.g. alignment with the principles of the UNGC). Denying access to capital or other forms of business relationships puts pressure on sectors and business practices which are harmful to the environment or society. Swiss Life Asset Managers considers exclusions as an important tool to mitigate downside risks in our portfolios.

The “exclusion” layer of the ESG Rule Book restricts the investment in or business relationship with companies (investee companies and relevant key counterparties) that are in breach of international standards or involved in controversial sectors (like controversial weapons). Thereby, we follow our responsible investment approach to preserve our clients’ interests, our business reputation and mitigating any involvement in controversial activities. The investment universe and relevant key counterparties (e.g. direct commercial tenants, direct suppliers) are restricted by the following exclusion rules:

Regulatory:

- Exclude companies in recognised exclusion lists (e.g. countries and issuers covered by certain sanction regimes);

- Exclude companies which are tied to prohibited war material and controversial weapons and are listed under "Schweizer Verein für verantwortungsbewusste Kapitalanlagen (SVVK)" SVVK-ASIR APM, Cluster Munitions and Nuclear Weapons (outside of Non-Proliferation Treaty)[3]

Normative:

- UNGC: exclude issuers or counterparties failing at least one of the ten UNGC principles. [4]

Sectorial:

- Exclude issuers and key counterparties which have a tie in biological, chemical, anti-personal and cluster weapons and/or in the production of the nuclear warheads of nuclear weapons;

- Exclude companies which are tied to prohibited war material and controversial weapons and are listed under "Schweizer Verein für verantwortungsbewusste Kapitalanlagen (SVVK)" SVVK-ASIR APM, Cluster Munitions and Nuclear Weapons (outside of Non-Proliferation Treaty)[5];

- Coal-based exclusions: exclude issuers or key counterparties that derive 10% or more of their revenues from mining or selling of thermal coal.

Exclusion lists are applied by default on all products[6] managed by Swiss Life Asset Managers. For dedicated funds and mandates, institutional clients can decide whether to apply the non-regulatory ones. Regarding normative or sectorial exclusions, engagement might be initiated (when and where it's deemed appropriate) prior to divestment or prior to refraining from an existing business relationship, respectively. This means, existing investments or business relationships could be maintained for the period of the engagement while new investments or business relationships are banned until the resolution of the engagement. Non-satisfactory engagement outcomes may trigger divestment, exit from the investment or a termination of the business relationship within the legal obligations attached to existing contracts. These engagement activities relate to the "incident engagement" pillar described in the section 3.2.4.

4.2 Consideration of PAI

At SL AM, we are committed to ensuring that our products generate sustainable value over the long term. To achieve this, we believe it is essential to minimise the negative impact of our investment decisions on environmental and social issues. Swiss Life Asset Managers considers the principal adverse impacts (PAI) on sustainability factors and takes action to mitigate them with our investment decisions at the entity and, when mentioned, at product level. Swiss Life Asset Managers considers PAI for most of its ESG and Sustainable impact products, enabling us to efficiently manage portfolios in line with our product and entity-level objectives. The PAI capture the inside-out impact of our investment decisions on society and/or environment. PAI cover several specific sustainability factors, including inter alia climate change, human rights, and labor standards. The Regulatory Technical Standards (RTS) of the Sustainable Finance Disclosure Regulation (SFDR)[7] provides a set of mandatory and optional

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[3] Not applicable to Real Estate as a regulatory exclusion. It is applicable to Real Estate as a sectorial exclusion.

[4] As assessed via the MSCI.

[5] Not applicable to Real Estate as a regulatory exclusion. It is applicable to Real Estate as a sectorial exclusion.

[6] Certain traditional funds may exceptionally not apply the normative and sectorial exclusions.

[7] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, the so-called "Sustainable Finance Disclosure Regulation" and its Regulatory

indicators for all asset classes at entity-level, but we also consider at product level the indicators which are relevant according to the asset class of the product, when the products are considering PAIs.

4.3 Entity Level Active Stewardship

Active stewardship is one of the three pillars of our responsible investment approach. We exercise our ownership rights as part of our fiduciary duty by actively working with investee companies and relevant stakeholders to address sustainability challenges and opportunities while safeguarding the financial interests of our clients. This includes exercising our voting rights, conducting selected shareholder and tenant engagement and the monitoring of those activities to promote sustainability throughout investments.

In addition to our active stewardship efforts, at Swiss Life Asset Managers, we promote responsible investment by providing resources and expertise to industry and sustainability associations. Our current participations or memberships include organisations such as PRI, Swiss Sustainable Finance (SSF), CA100+, NZAM initiative, GRESB and Forum pour l'Investissement Responsible (FIR) in France [8]. These memberships and participations reflect our dedication to responsible investment strategies.

Technical Standards, i.e. the Commission Delegated Regulation of 6 April 2022 supplementing the SFDR with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

[8] More detailed information with the full list of memberships can be found on our Active Stewardship website.

5. Responsible Investment Strategies for Securities

5.1 Exclusions

In addition to the regulatory exclusions mentioned in chapter 4.1, for securities we also exclude companies in recognised exclusion lists (e.g. Financial Action Task Force high risk jurisdictions, countries and issuers covered by certain sanction regimes).

For some dedicated Securities portfolios, we may further apply an additional screening based on the Global Coal Exit List (GCEL) built by the NGO Urgewald. This list encompasses (1) issuers that are pursuing coal power, coal mining or coal infrastructure expansion plans, as well as (2) issuers that are involved in thermal coal extraction or exploitation activities (e.g. coal power generation), when they have not defined a coal phase-out plan aligned with the objectives of the Paris Agreement, as soon as they exceed one of the following thresholds:

- Coal share revenue higher than 20%
- Coal share of power production higher than 20%
- Production of more than 10 million tons of thermal coal per year
- Coal power production capacity from thermal coal higher than 5GW.

5.2 Sustainability Safeguards

For Securities, we integrate both quantitative and qualitative ESG criteria derived from an external ESG data provider and internal research, into our financial analysis and investment decisions. The quantitative analysis is based on ESG ratings, PAIs, controversies and other sustainability-related data provided by external data providers. The qualitative ESG assessment forms the second part of our analysis, with 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. Most of Swiss Life Asset Managers' assets under management are invested in fixed income. Hence, ESG consideration into the credit analysis is of material importance.

While these qualitative ESG considerations are applied for all portfolios in a non-binding character, our ESG and Sustainable Impact products are going one step beyond to mitigate sustainability tail risks from a double materiality perspective. The goal of the sustainability safeguards layer is not only to mitigate the negative financial impact of external ESG factors on the company, but also to mitigate the negative impacts generated by companies on the environment and/or society. This includes, for example, the mitigation of PAIs as well as the consideration of ESG ratings and controversies in the determination of the investable universe.

Please find an overview of our "sustainability safeguards" below:

- **ESG data availability:** imposing a minimum eligible and coverage ratio for ESG relevant data at the portfolio level;
- **ESG ratings:** restricting investments in issuers with low ESG rating;
- **ESG controversy:** excluding or restricting investments in issuers with very severe controversies;
- **Portfolio ESG Score:** targeting a better Portfolio ESG score compared to the ESG score of the portfolio's traditional benchmark;
- **Principal Adverse Impacts (PAIs):** limiting exposure to the worst issuers based on a proprietary PAI model aggregating the 14 mandatory PAIs;
- **Sovereigns:** exclusion of countries that have a low SDG Global Index Score (Sustainable Development Goals Global Index Score, built by the "Sustainable Development Report"), a negative

flag on the governance pillar or a negative flag on both the social and environmental pillar. To assess the different pillars, Swiss Life Asset Managers applies a proprietary methodology where several frameworks are aggregated, e.g. Corruption Perception Index, Global Peace Index, Global Rights Index, Paris Agreement and Convention on Biological Diversity ratification Status and GHG intensity of countries;

- **Qualitative analysis:** considering our own qualitative assessment besides the data from the third-party provider.

5.3 Significant Approach

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

Please find some examples of significant approaches below:

- Compliance with the French "label ISR" (Investissement Socialement Responsable)
- Significant reduction of carbon footprint
- For fund of funds: High share of underlying ESG or sustainable impact target funds
- Sustainable objective: SDG-revenue alignment (sustainable impact products)
- Sustainable objective: EU Taxonomy alignment (sustainable impact products).
- ESG Index replication
- Significant improvement of the SDG Index Score (for Sovereigns ESG funds)

5.4 Consideration of PAI for Corporate Issuers

For Swiss Life Asset Managers' funds that consider PAI on sustainability factors, the aim is to limit exposure to companies that have severe negative impacts according to the chosen PAI indicators, meaning the mandatory PAI at entity-level for companies. If not stated otherwise, all PAI indicators for Investee companies (which constitute the mandatory PAIs at entity level, as defined in Table 1 of Annex I of the RTS of the SFDR (Commission Delegated Regulation (EU) 2022/1288)) are considered.

To this end, each company is assessed on each of the relevant mandatory PAI indicators for which data is available. For each indicator, through an internal PAI Score, penalties are assigned to companies having a severe impact. For each company, the penalties received on any PAI indicator are summed up to constitute the company-level PAI score. The PAI score summarises the severity of the company's principal adverse sustainability impacts across all considered PAI indicators. A higher PAI score indicates a more severe principal adverse impact.

The 5% of companies receiving the highest PAI score among all assessed companies (universe of more than 10'000 companies) receive a PAI red flag; the next 10% receive a PAI orange flag. Such companies are considered to have the most severe principal adverse sustainability impact. A portfolio-level PAI score is computed as the weighted average company-level PAI score on the subset of red or orange PAI-flagged positions. The higher the PAI score of a portfolio the more severe the principal adverse impact.

Swiss Life Asset Managers' Corporate Bonds and Equity ESG Funds have to consider PAI on sustainability factors, and hence are required to:

- either have a lower portfolio-level PAI score on their portfolio holdings than on their benchmark. In case the benchmark already contains no red or orange PAI-flagged positions – and thus have a null benchmark-level PAI score – the portfolio's PAI score needs to be null, too; or

- prevent from investing in any issuer with a PAI red flag and have to exclude from the portfolio any issuer that was subsequently downgraded to a PAI red flag.

Swiss Life Asset Managers' Corporate bonds and Equity Sustainable Impact Funds have to consider PAI on sustainability factors, and hence are required to:

- prevent from investing in any issuer with a PAI red flag and have to exclude from the portfolio any issuer that was subsequently downgraded to a PAI red flag.

5.5 Consideration of PAI for Sovereign Issuers

Swiss Life Asset Managers mitigates PAI for investments in sovereign issuers by restricting investments into countries that fail on pre-defined environmental and social criteria corresponding to the mandatory PAI indicators as defined in Table 1 of Annex I of the RTS of the SFDR.

5.6 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 policies[9] and processes. 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 recognized principles[10], 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 (i.e., "collaborative engagement"). Engagement activities at Swiss Life Asset Managers have relevant sustainability objectives, milestones and escalation measures defined with the focus on generating long-term financial, environmental and societal value. The engagement outcomes inform our investment and voting decisions.

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 signals (e.g., ESG ratings, UN Global Compact alignment) based on Swiss Life Asset Managers' defined normative and sectorial exclusions, sustainability safeguards and significant approaches.

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[9] https://www.swisslife-am.com/en/home/footer/policies-legal-entities.html

[10] 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).

6. Responsible Investment Strategies for Real Assets

6.1 Exclusions

Building on the general exclusion practices highlighted in chapter 4.1, our Real Assets asset class further applies exclusions as follows:

Real Estate

For Real Estate, exclusions apply to key counterparties to whom we have a direct contractual relationship with. This includes contracts with commercial tenants, operators, or suppliers such as construction and development companies. For new investments and business relationships, we rely on an extensive property and key counterparties due diligence. The outcome of such due diligence may result in the exclusion of Real Estate investments or key counterparties that are not in line with our ESG criteria or that would expose our portfolio to high levels of sustainability-related financial risk (e.g., climate risks).

Infrastructure Equity and Debt ("Infrastructure")

Within Infrastructure, we additionally adhere to the following exclusion criteria (regulatory and sectorial):

- Not to grant financing for more than 20% of the fund's size to projects that are primarily active in the oil midstream sector (i.e. in the business of transporting, storing or refining crude oil or related refined products);

- Not to grant financing to any business that derives more than 10% of its value from oil and gas exploration and production (it does not include renewable fuels and gas);

- Not to grant financing to any business that derives more than 10% of its value from handling or burning coal;

- Not to grant financing to any business that derives more than 10% of its value from nuclear power production.

- Not to grant financing to any business that produces, makes use of, or trades 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 other application for which the radioactive source is insignificant and/or adequately shielded.

- Not to grant financing to any business conducting cross-border trade in waste and waste products unless the activity is compliant with the Basel Convention and the underlying regulations.

- Not to grant financing to any business producing or trading pharmaceutical, pesticide/herbicide, chemical, or ozone depleting substances and other hazardous substances subject to international phase-outs or bans.

- Not to grant financing to any business 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.

- Not to grant financing to any business that is directly involved in or sources 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.

- Not to grant financing to any business that is directly involved in tobacco farming, production, and supplying.[11]

- Not to grant financing to any business that is directly involved in gambling, casinos, and equivalent enterprises, or hotels hosting casinos with substantial revenues from them.[12]

- Not to grant financing to any business that relates to pornography or prostitution.

More restrictive sectorial exclusions might apply to specific Infrastructure funds according to their fund documentation.

6.2 Sustainability Safeguards

Real Estate

For the "sustainability safeguards" layer, certain standards have been defined to address minimum sustainability requirements with our suppliers. For ESG products and Sustainable Impact products with a sustainable investment share, the requirement levels increase.

The "sustainability safeguards" layer for both ESG products and Sustainable Impact products includes principal adverse impact thresholds on portfolio level, with higher requirement levels for sustainable impact products.

Infrastructure Equity and Debt

For the "sustainability safeguards" layer, across ESG products and Sustainable Impact products, we incorporate ESG factors and sustainability risk considerations into our investment and asset management processes, assess adverse sustainability impacts, and define ESG targets for our products and investments.

Besides standard due diligences processes, a mandatory ESG assessment is conducted for all new investments. This ESG assessment is an integral part of every acquisition and its documentation. The outcome of such due diligence may result in the exclusion of some investments that are not in line with our responsible investment policy or that would expose its portfolio to high levels of ESG risks that might in turn impact financial performance. The ESG assessment incorporates a dedicated proprietary ESG questionnaire which is linked to an ESG rating, an assessment of the PAI on sustainability factors, and a comprehensive climate risk assessment.

During the holding period, we monitor our investments against a wide range of ESG factors to provide transparency, highlight performance, and improve ESG standards of the investee companies during ownership.

6.3 Significant Approach

Real Estate

Given the important role Real Estate plays in mitigating climate change, as well as with regards to other environmental and social aspects, we have integrated ESG aspects on both, the strategic and operational levels of our Real Estate activities. To ensure an effective implementation of strategic concepts into 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

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[11] Businesses who are not directly involved in tobacco but have a contractual relationship to tobacco businesses are not part of the exclusion criteria.

[12] Businesses who are not directly involved in gambling, casinos, and equivalent enterprises, but have a contractual relationship to such businesses are not part the exclusion criteria.

operational standards and initiatives).

Additionally, ESG and Sustainable Impact products have to follow a “significant approach”. The “significant approach” layer for both, ESG products and Sustainable Impact products, includes clear, measurable objectives to promote the ESG performance of a fund by monitoring and reporting of respective ESG key performance indicators and their corresponding targets. Furthermore, both product types are to meet minimum data availability of said key performance indicators. All objectives and targets are defined on a fund level and can be found in the fund documentation. For Sustainable Impact products, the “significant approach” layer further requires a clear sustainable investment objective, defined as solely investing in real estate that have a positive, measurable environmental and/or societal impact. While Sustainable Impact products are required to only have sustainable investments, an ESG product can also have a share of sustainable investment, however it is a not a requirement.

Infrastructure Equity and Debt

ESG factors are firmly integrated into our Infrastructure investment processes, both in the investment due diligence and ongoing asset management. We consider climate change mitigation, resilience of our infrastructure assets to climate and other environmental risks, impact on biodiversity, and health and safety of employees, contractors, everyone who is visiting the working premises of our assets, and the general public as the predominant sustainability aspects of our Infrastructure investments.

Our Infrastructure Equity products are governed by the Infrastructure Equity ESG Strategy which follows three overarching sustainability focus areas described above: mitigating climate and biodiversity risk, promoting social inclusion and well-being and fostering business integrity.

Procedural integration of sustainability criteria into investment and asset management processes and our focus on active shareholder engagement (as applicable to Infrastructure Equity only) are governed by the internal Responsible Investment Manual for our Infrastructure operations at Swiss Life Asset Managers.

Additionally, ESG and Sustainable Impact products have to follow a “significant approach”. The “significant approach” layer for both, ESG products and Sustainable Impact products, includes a monitoring of ESG key performance indicators. For Sustainable Impact products, the “significant approach” layer further requires a clear sustainable investment objective, defined as investing in Infrastructure assets that have a positive, measurable environmental and/or societal impact. While Sustainable Impact products are required to only have sustainable investments, an ESG product can also have a share of sustainable investment, however it is a not a requirement.

6.4 Consideration of PAI

Real Estate

Swiss Life Asset Managers further considers and assesses PAI indicators for Real Estate assets through an ESG assessment for new investments and regular PAI monitoring throughout standing investment portfolios. As mentioned above in the “sustainability safeguards” layer, both ESG products and sustainable impact products include minimum requirements relating to the maximum magnitude of PAIs on portfolio level, applied either to the present portfolio or defined as a requirement for the portfolio at a clearly defined point of time in the future (e.g. by 2030).

Infrastructure Equity and Debt

Swiss Life Asset Managers measures PAI indicators for Infrastructure Equity and Debt products in the pre-transaction ESG assessment during the investment due diligence. Furthermore, Infrastructure Equity and Debt monitor PAI indicators across their investees and borrowers, subject to data availability (best-effort), as part of the regular post-transaction risk monitoring activities.

6.5 Entity Level Active Stewardship

For Real Assets, being an active owner is of particular importance, since these investments often reveal a big leverage in influencing the behaviours of our investees and key counterparties.

In our Real Estate investments, we selectively engage with stakeholders such as tenants, suppliers and communities related to specific projects. In general, we particularly emphasise dialogue with tenants since they are both impacted by the assets (the quality of the buildings and related services) as well as impacting the assets (through direct influence on their operational footprint).

For the Infrastructure Equity investments, Swiss Life Asset Managers ensures that the processes, the scope and the content of the engagement are appropriate to the level of influence over the investment. Shareholder engagement can take various forms and is taken in the interest of funds managed by Swiss Life Asset Managers and their investors. Engagement activities may vary, depending on the nature of the investment, Swiss Life Asset Managers governance rights or the size of shareholding affecting the appropriateness of the engagement approach taken with investee companies. For assets with strong governance rights where Swiss Life Asset Managers has influence over ESG matters, direct dialogue with the portfolio companies is one of the major active shareholder commitments. In this context, Swiss Life Asset Managers aims to define and monitor specific ESG actions and targets, in line with the Infrastructure Equity ESG Strategy and the underlying regulatory frameworks which govern our funds. For assets with limited governance rights, asset managers seek dialogue, direct communication and cooperation focused on sustainability issues with lead shareholders. We conduct engagement in a constructive spirit to promote company success and seek to address investor questions or concerns. When company dialogue is failing and ESG concerns are not being adequately addressed, Swiss Life Asset Managers will escalate failed engagements. Engagement escalations steps may include voting against a specific agenda item, voicing concerns to non-executive directors or corporate representatives, voicing concerns collectively alongside other investors, shareholder resolutions, convening extraordinary shareholders' meeting, pursuing governance improvements and initiating management changes, or limiting financial support.

7. Sustainability Risk Approach

Sustainability risks can materialize on an asset/investment level, on the portfolio level as well as up to the investment manager level, and therefore may have a considerable financial or reputational impact on the portfolio's investments. Sustainability risks may occur as a stand-alone risk, they also may have a significant impact on 'traditional' risk types and contribute as a factor to the materiality of these risk types. The relationship of sustainability risks to established risk categories shall therefore be understood in the investment decision-making process and lead to an integrated view on sustainability risk management.

Consequently, we address environmental, social and governance factors in our Sustainability Risks assessments. As part of our holistic risk management approach, Sustainability Risk and appropriate ESG factors are integrated in our overarching risk management framework, to establish the appropriate controls and reports, and to take corrective action if necessary.

The mitigation and/or adaptation to avoid unintended exposure in Sustainability Risks include:

- Monitoring: Identifying assets with severe or systematic breach of defined norms, behaviour going against sustainability safeguards and involvement in controversies.

- Exclusions: Restricting investments into assets associated with controversial activities and/or below Swiss Life Asset Managers' minimum expectations regarding Sustainability safeguards.

- Alignment: Taking active measures to align the investments with sustainability-related targets (e.g. Net-Zero Asset Manager initiative commitment) either by reallocating portfolio investments or by actively managing the respective assets towards such targets (e.g. re-placement of carbon-intensive heating systems in properties).

- Active Stewardship: If appropriate, engagement through direct dialogue with corporates or stakeholders, proxy voting, investor coalitions and collaborative enhancements via platforms, memberships or policy making.

- Termination: Exiting assets or terminating business relationships if appropriate risk reduction or remediation fail to deliver appropriate improvements.

Due to the heterogeneity of the asset classes, i.e. Securities, Real Estate, Infrastructure Equity and Infrastructure Debt, and the associated risks, it is necessary to differentiate between i.) the asset class and ii.) the pre-trade and post-trade controls for identifying Sustainability Risks.

In this regard, the assessment of Sustainability Risk must integrate consideration of the materiality of these risks, as a critical thinking regarding their future evolution, which may rely on the use of scenario analysis.

The reporting of Sustainability Risk assessments is a standing agenda item in our risk governance bodies.

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8. Appendix

Appendix 1: Other ESG-related disclosures

This policy is related to the following additional publications from Swiss Life Asset Managers:

- Responsible Investment Report 2023
- TCFD Report 2023
- Local Proxy-voting and engagement policies
- Active Stewardship Report for Securities 2023
- Proxy Voting Dashboard (VDS)
- Overview of publications for defined entities