



SwissLife
Asset Managers

Active Stewardship Report for Securities 2023

August 2024

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Introduction

Swiss Life Asset Managers' Active Stewardship Report for Securities 2023 represents a consolidated overview of the active stewardship approach and activities for our investments in securities, a journey we first reported on in 2021.

In our most recent Responsible Investment Report¹ we state that the “global dependence on fossil fuels and the transition to a Net Zero economy are currently the pressing topics”. This was also one of the major drivers of our stewardship activities in 2023.

To support the transition to a low-carbon economy, we continued to use our proxy voting rights to support relevant proposals and further defined our engagement strategy for securities. Swiss Life Asset Managers' engagement strategy is based on two pillars. The first pillar, thematic engagement, is a proactive one and focuses on key sustainability themes. The second pillar, called incident engagement, corresponds to a more reactive approach and focuses on investee companies which are involved in ESG controversies, or which are related to a negative signal as defined in our Responsible Investment (RI) policy². Our thematic engagement includes the “Net Zero by 2050” engagement programme, a relevant component of Swiss Life Asset Managers' sustainability commitment³ and which will be further described in this report.

In terms of proxy-voting, we collaborated with our external service provider Institutional Shareholder Services (ISS) to implement a new customised proxy voting policy with more specific environmental and social criteria. Regarding collaborative initiatives, we continued our commitment towards Climate Action 100+, while Swiss Life Asset Managers in France signed the Finance for Biodiversity Pledge.

¹ Please refer to our Responsible Investment Report 2023 for more details, a link to which is available in Appendix 1 of this report.

² Please refer to our Responsible Investment Policy, a link to which is available in Appendix 1 of this report.

³ Please find details on our Net Zero asset managers commitment here: [link](#)

1 Approach and strategy

Alongside fiduciary duty and intergenerational responsibility, active stewardship is a core value of Swiss Life Asset Managers. This report covers the stewardship activities of Swiss Life Asset Managers in relation to the securities asset classes (i.e., listed equities, corporate bonds⁴) managed on behalf of its clients⁵ across the legal entities in Switzerland, France, Luxembourg and Germany.

The main securities-related stewardship activities at Swiss Life Asset Managers encompass the exercise of proxy voting rights and engagement in an active dialogue with investee companies. While the proxy voting activities can be exercised only with equity holdings, engagement can be a relevant stewardship tool for most asset classes. Ultimately, through our proxy voting and engagement activities we actively work with companies and relevant stakeholders to address sustainability challenges while acting in the best interest of our clients.

1.1 Proxy voting

Our main objective with voting activities is the exercise of the voting rights in a fiduciary capacity on behalf of the investors. This includes following two fundamental objectives:

- a) *Act in the best interest of our clients, to enhance the long-term financial value of their investments and to maximise our portfolio-level risk-adjusted returns.*
- b) *Promote sustainable business practices at investee companies in order to foster long-term risk-adjusted returns and sustainability outcomes, while safeguarding a reasonable cost/benefit ratio of exercising voting rights.*

Our voting activities are supported by internal processes and guidelines as well as publicly available proxy voting policies. Swiss Life Asset Managers' proxy voting scope is currently based on quantitative or qualitative considerations, as detailed below:

- The shareholding value of a company is $\geq 2.0\%$ of the net asset value of the fund, or the participation of the fund in a company represents $\geq 0.5\%$ of the total issued shares; or
- At least one voting item is related to environmental or social issues on the agenda of the general meeting; or
- The company has a strategic relevance for us.

⁴ Securities is used in this report to refer to corporate bonds, listed equities and money market instruments. Sovereign bonds are currently not in the scope of our stewardship activities.

⁵ Note that individual client mandates are not in the scope of our proxy voting activities, unless there are clear instructions from the client for Swiss Life Asset Managers to exercise voting rights, in which case that activity is included in this report.

Proxy voting processes and research

The voting decisions were based on the guidance provided by our external service provider Institutional Shareholder Services (ISS), as well as additional research and recommendations from sources such as the [UN PRI](#), [Climate Action 100+](#) and data providers such as [MSCI ESG Research](#). The recommendations of ISS are based on a customised Swiss Life Asset Managers' policy. Specific items (e.g., environmental and social items) are reviewed by the Engagement & Stewardship team on a case-by-case basis. If a deviation from the general guidelines is required, an alignment with the relevant stakeholders, such as the representatives of the fund management companies, will be conducted.

*Resources*

During the reporting year, the ESG Engagement & Stewardship team consisted of 2.5 FTEs. The team is responsible for defining the stewardship framework and policies as well as executing the engagement activities in collaboration with other stakeholders.



There were 1.5 FTEs working specifically on proxy voting-related topics; 1 FTE is within the ESG Engagement & Stewardship team, and 0.5 FTE is spread over different departments across the company.

1.2 Engagement

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 different engagement pillars:



Thematic engagement

Engagement activities related to the focus topics defined in our engagement strategy: Net Zero by 2050, Social & Human Rights, 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' responsible investment policy⁶.

⁶ Please refer to our Responsible Investment Policy, a link to which is available in Appendix 1 of this report.

1.2.1 Thematic engagement

The thematic engagement is Swiss Life Asset Managers' proactive engagement pillar, focusing on promoting more sustainable business practices on selected sustainability topics. Swiss Life Asset Managers has defined the following focus topics:

Net Zero by 2050

In line with Swiss Life Asset Managers' membership of the Net Zero Asset Managers initiative, we believe that companies need to transform their business activities to mitigate and adapt to the consequences of climate change. We are committed to seeking constructive dialogues and collaborative engagement to enable companies, businesses, and other stakeholders to reduce CO₂ emissions and to limit temperature rises to 1.5 degrees Celsius above pre-industrial levels.

For companies selected with this engagement objective, we focus on promoting:

- robust governance for climate-related risk;
- transparent disclosures, e.g., TCFD reporting (Task Force on Climate-Related Financial 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; and
- a clear alignment of lobbying activities with the goals of the Paris Agreement.

Biodiversity

Swiss Life Asset Managers believes that loss 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. 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.

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

Social and Human Rights

Swiss Life Asset Managers' engagement focus on the social pillar is related to human, labour and other social-related rights. We believe that investments which are exposed to controversies related to these topics could face higher financial, operational, reputational and legal risks. One of the global frameworks 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, those standards help companies addressing 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 access to basic services & goods as well as responsible and ethical products.

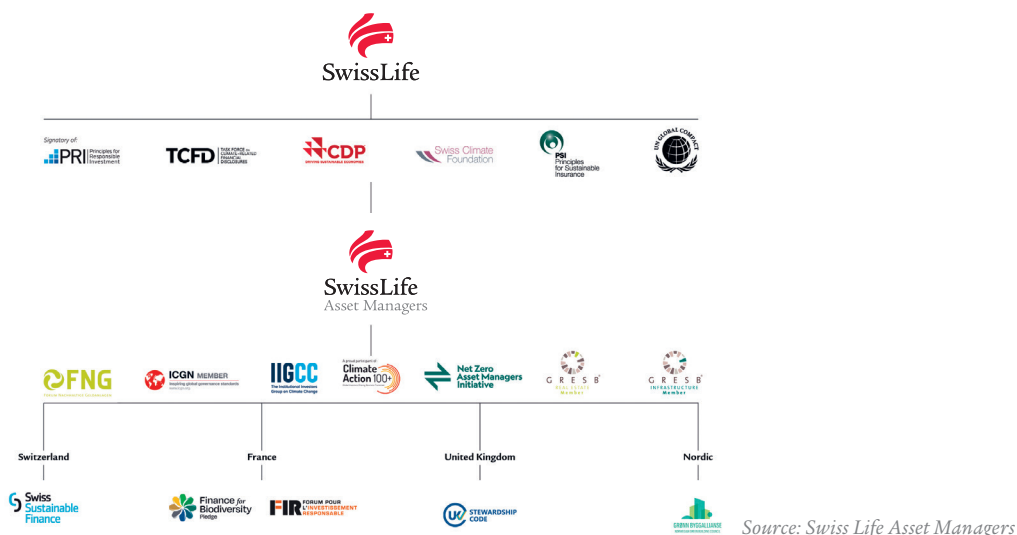
1.2.2 Incident engagement

In this reactive approach, we engage with investee companies that breach minimum behavioural norms on sustainability issues as defined in our responsible investment policy⁷ (i.e. “exclusions” and “sustainability safeguards”). Investee companies which are not aligned with the defined guidelines in the responsible investment policy will be assessed for engagement by the stewardship analysts and portfolio managers. 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 consequently, to resolve the breach. In case the relevant company is not taking any remediation actions, the relevant escalation measures apply, including a potential divestment.

1.3 Collaborative initiatives and memberships

In addition to the one-to-one corporate dialogues, we continued our collaborative engagement activities with Climate Action 100+. Moreover, Swiss Life Asset Managers in France became a signatory of the Finance for Biodiversity Pledge, which is a collective commitment by the finance sector to protect and restore biodiversity through its finance activities and investments. This year’s memberships and/or participations are represented in the chart below:

Figure 1. Memberships



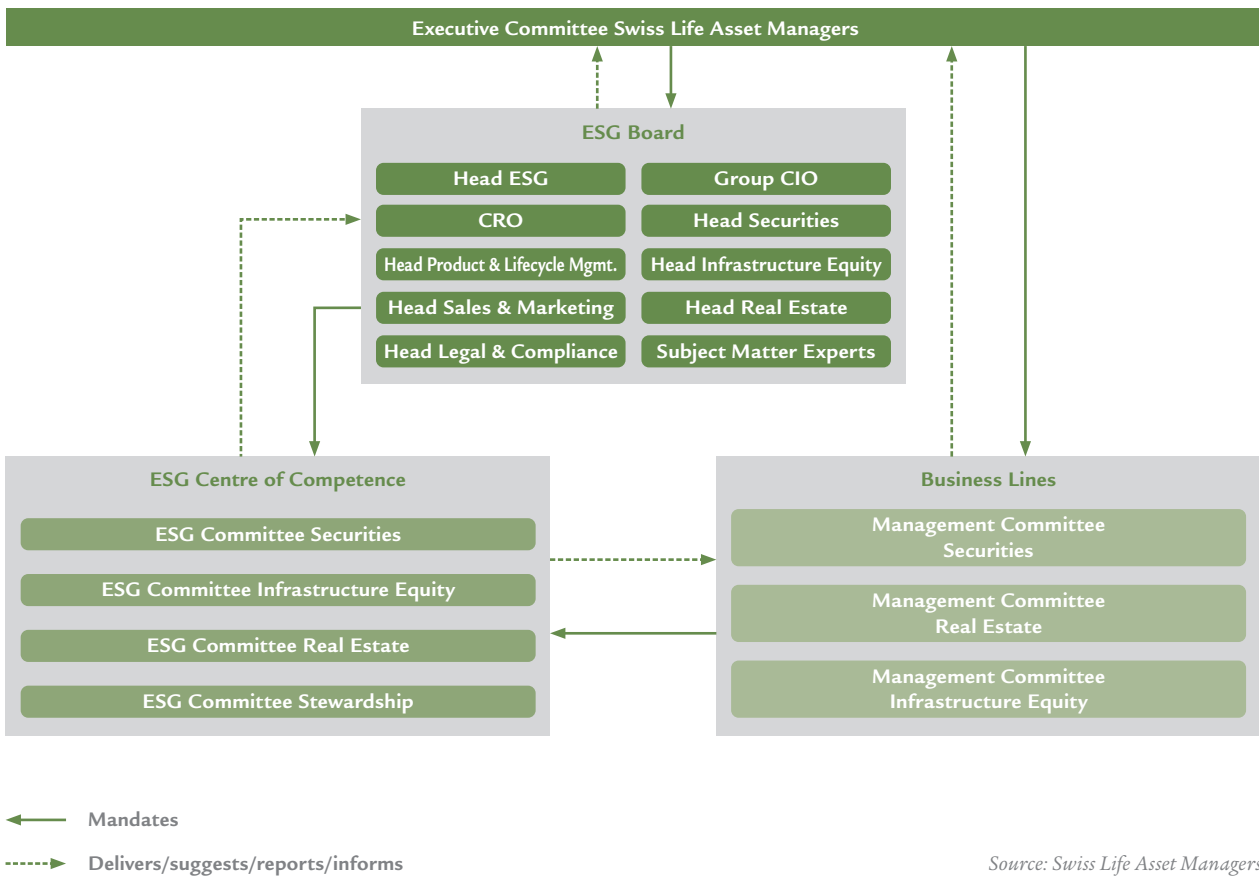
⁷ Please refer to our Responsible Investment Policy, a link to which is available in Appendix 1 of this report.

1.4 Governance and organisation

The ESG Engagement & Stewardship team is Swiss Life Asset Managers' dedicated overarching team for stewardship activities. It operates in collaboration with the asset class-specific ESG teams (e.g. ESG Securities and ESG Real Assets) and coordinates the interactions with other internal relevant stakeholders such as representatives of different local entities.

For securities-related topics, a dedicated committee – the ESG Committee Stewardship – is the major decision-making body and owner of Swiss Life Asset Managers' stewardship strategy. The ESG Committee Stewardship reports and informs the ESG Board. The ESG Board is a cross-company committee which is responsible for defining the ESG vision, mission and strategy as well as setting and monitoring clear targets and the corresponding ESG-related budget. The Executive Committee of Swiss Life Asset Managers (ExC) serves as the ultimate escalation body. Please also refer to the engagement and voting policies linked in the appendix.

Figure 2. ESG Governance



2 Report on engagement activities in 2023

Swiss Life Asset Managers undertook different types of engagement activities with its investee companies in 2023. We engaged via one-to-one dialogues, collaborative initiatives, engagement letters and a proprietary engagement survey.

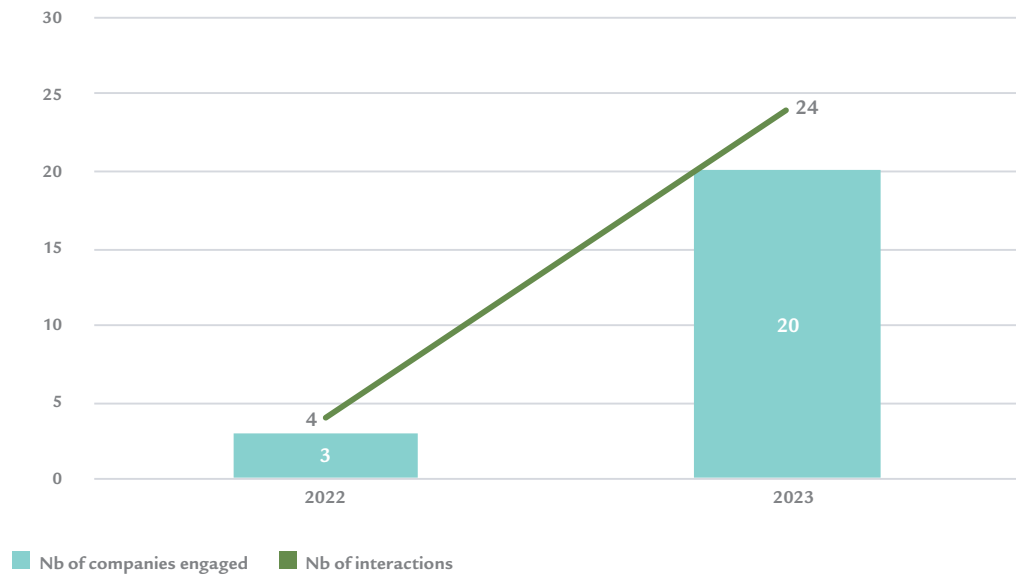
In the engagement activities, in-house employees were always involved. Swiss Life Asset Managers did not work with an engagement service provider in 2023. All our engagement-related activities are reported to the ESG Committee Stewardship, which includes the asset class heads, head of risk management, head of sales and the head of ESG. While our ESG specialists often lead engagements, the identification and analysis of the key sustainability issues and the interactions with the investee companies are done in close collaboration with the Portfolio Management team. This collaboration is the basis for building a comprehensive view of the companies' activities, setting them in the context of the relevant industry, to efficiently inform our investment and voting decisions and to make the engagement interactions as impactful and productive as possible.

2.1. Overview of engagement activities

The illustrations below summarise our engagement activities in 2023. We engaged with 20 investee companies and had 24 interactions, compared to three investee companies and four interactions in 2022. We primarily communicated in written form, although one-to-one dialogues represent the second most common method for our interactions. In cases where we engaged in written form, we transparently communicated our engagement objective and asked specific questions on the company's ambition to reach the relevant objectives as well as the company's position on the topic. The company's answer allows us to track the progress of reaching the relevant objectives and in cases where the answers were not sufficient, we take further engagement measures. The most prevalent topic in the reporting year was our thematic engagement on climate issues. This is also reflected in the relevant industries of our engagement activities: we engaged most often with companies from high GHG-emitting industries such as oil & gas, energy and automobiles. This is mainly driven by the launch of our Net Zero by 2050 engagement programme in the reporting year.

The figures below summarise our corporate engagement activities in 2023:

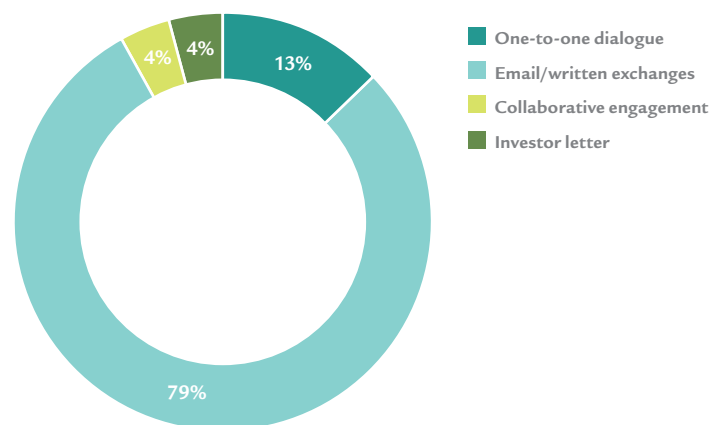
Figure 3. Development of our engagement activities in 2023



Our 2023 individual and collaborative engagement activities covered about 0.1% of assets under management (AUM) of our total Third-Party Asset Management.

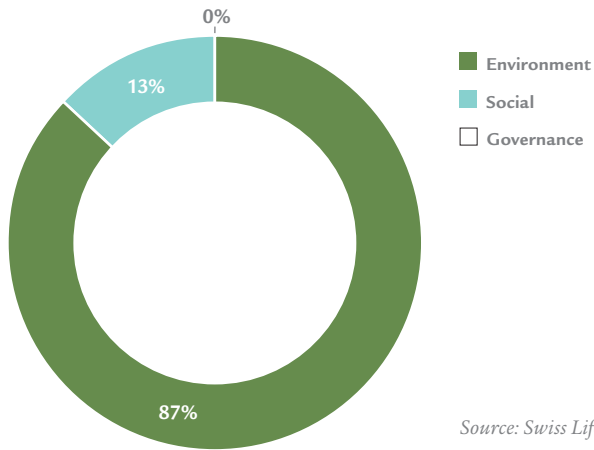
Source: Swiss Life Asset Managers

Figure 4. Engagement interactions in 2023

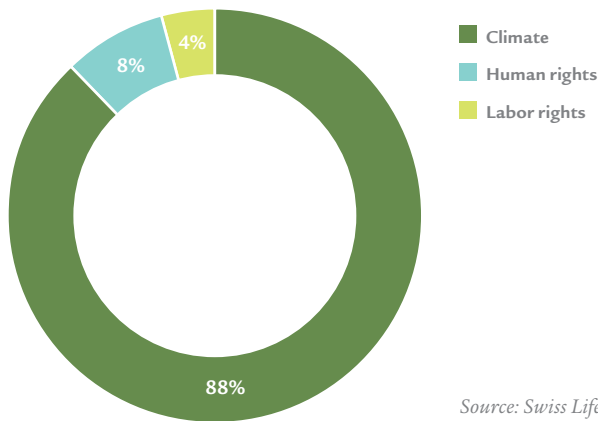


Source: Swiss Life Asset Managers

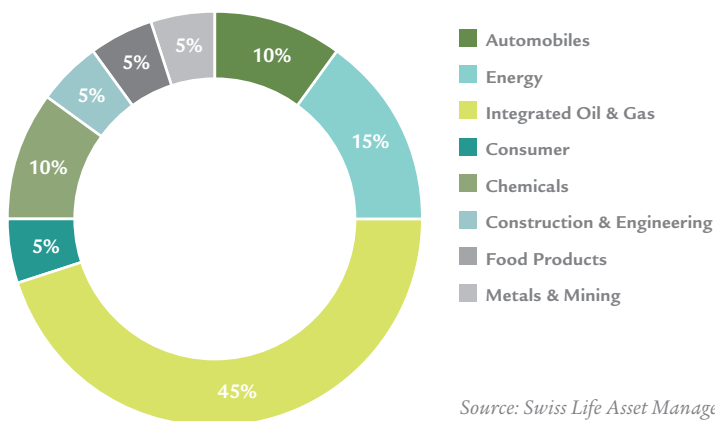
**Figure 5. Engagement activities by E, S and G pillars
(based on the interactions related to the relevant pillar)**



**Figure 6. Engagement activities by sustainability topic
(based on the interactions related to the relevant topic)**



**Figure 7. Engagement activities by sector
(based on the number of companies)**



2.2 Net Zero by 2050 engagement

Through Swiss Life Asset Managers' "Net Zero by 2050" engagement programme, we reached out to selected companies with a tailored survey to discuss the scope and progress of their climate strategies. The goal of this programme is to continuously assess the progress made by these companies and encourage them to develop transition plans and reduce greenhouse gas (GHG) emissions in alignment with a 1.5°C Net Zero pathway. This initiative is driven by Swiss Life Asset Managers' membership and commitment to the Net Zero Asset Managers initiative (NZAM).

We selected the relevant issuers based on various criteria and in different steps. First, we applied an industry filter, focusing on companies in high greenhouse gas (GHG) emitting sectors such as oil & gas, transport, agriculture, and steel & cement. Next, we defined climate-related indicators across five key pillars: Governance, Risk Management, Climate Strategy, GHG Emissions Targets, and Disclosures. This included metrics such as linking executive remuneration to GHG emissions targets, the company's climate governance, the details of their climate risk analysis, the alignment of capital expenditures with the company's climate strategy as well as the alignment of GHG emissions reduction targets with the Science-Based Targets initiative (SBTi). We used data from external providers and reviewed the companies' public disclosures to assess these pillars. Finally, we factored in our exposure, the importance of the company for our portfolio and any previous interactions. This allowed us to select the most appropriate companies for our Net Zero engagement programme.

Figure 8. Selection of companies for our Net Zero by 2050 engagement programme



Source: Swiss Life Asset Managers

The survey was designed to assess the companies' actions or intended actions to transition their businesses in line with a 1.5°C Net Zero pathway. From the selected 20 companies, we built four different groups and surveys to consider the specific situation of the companies to some extent. We differentiated between companies which have already committed to a Net Zero target and companies which have not yet published any commitment. Furthermore, we separated between oil & gas companies and companies from other industries. The questions in the survey were mainly of a qualitative nature and covered topics such as the drivers for not committing to a Net Zero commitment, their biggest challenges in reaching their targets, their intention to extend their scope of GHG emissions reduction targets and their position on linking executive remuneration to the climate-related targets.

In 2024, we will conduct a more in-depth assessment of the company responses using a climate scorecard. The climate scorecard is structured around the five key pillars used for the selection of the companies: Governance, Risk Management, Climate Strategy, GHG Emissions Targets, and Disclosures. In this assessment, we will consider sector-specific and company-specific circumstances and define a more specific engagement objective for each company as well as the next interactions. If necessary, we will consider relevant escalation measures to reach the engagement objectives.

Figure 9. Net Zero by 2050 engagement process



Source: Swiss Life Asset Managers

Case studies

Volkswagen

Context

Incident engagement and Net Zero by 2050

Volkswagen Aktiengesellschaft (Volkswagen) is a German-headquartered, global automobile manufacturer. During 2023, we engaged with Volkswagen on two topics: the first topic covered ESG-related controversies regarding forced labour, while the second topic was focused on Volkswagen's climate strategy.

Engagement activities and objectives

We conducted three video conferences with the company. The interactions involved the investor relation team and sustainability specialists from Volkswagen and the ESG team (including the heads of ESG Securities and Stewardship) as well as the portfolio management representatives from Swiss Life Asset Managers.

Our reactive analysis of ESG controversies based on our external data provider flagged the allegations against the company for employing Uyghur and other ethnic minorities through state-sponsored labour-transfer programmes at the jointly owned automotive plant SAIC Volkswagen (Xinjiang). We initiated a direct dialogue with Volkswagen in spring 2023 with the objective of further understanding the company's human rights due diligence processes and policies, and to address the allegations and the company's remediation actions. Our milestones and objectives were structured based on two different scenarios: one assuming that the allegations are true and one assuming the lack of any evidence regarding forced labour at the relevant production plant. Based on the milestones, we derived the main objective of the engagement, which includes the request to conduct an independent audit on the labour rights practices in the production plant. In case of evidence of forced labour, we intended to propose to the company to strengthen its human rights due diligence processes and to commit to the exit of its operations in the production plant.

Our climate-related engagement activities aimed at further understanding and improving the company's climate governance, GHG emission reductions targets, climate strategy and the company's climate-related disclosures. The objective was to identify potential gaps for a 1.5°C Net Zero pathway and to define in a collaborative manner specific action items to close these gaps. In our first exchange with the company the objective was to build an overall understanding of the companies' climate strategy, to clarify open questions which go beyond the company's public disclosures and to identify the focus area of our engagement.

Engagement outcomes

We consider our engagement with Volkswagen positively. The company has been responsive to our questions and considered our proposal for an independent audit at the production plant of SAIC Volkswagen (Xinjiang). The representatives of the company were able to give us the required insights into their human rights due diligence processes and policies and demonstrated with the independent audit performed in the second half of 2023 that there is no indication or evidence of forced labour among the employees in the relevant production plant.

The climate-related engagement will be continued in 2024. As part of Swiss Life Asset Managers' Net Zero engagement programme, we track the engagement outcomes with a Climate Scorecard, which allows us to focus on the specific action items contributing to our objective to encourage companies to develop their transition planning and achieve emission reductions in line with a 1.5 °C Net Zero pathway. Given the first discussions, we want to further focus our activities on the company's capital allocation and its alignment with their climate strategy, on their medium-term GHG reduction targets and on the company's climate policy engagement.

Labour rights controversies at an American footwear and apparel company

Context

Thematic engagement, human & social rights

The US-headquartered textiles, apparel and luxury goods company engages in the design, marketing and distribution of athletic footwear, apparel, equipment and accessories and services for sports and fitness activities. Their largest international supplier and another supplier were accused of not fully paying legally required wages and benefits to workers. The unpaid wages and benefits owed to over 4500 garment workers in Cambodia and Thailand amounted to a total of USD ≈2 million. The workers were dismissed and/or did not receive all the partial wages they were legally owed during a factory shutdown, which was partially driven by the COVID-19 pandemic.

Engagement activities and objectives

Swiss Life Asset Managers signed an investor letter (representing over USD 4 trillion AUM / AUA from various investors) in 2023. In the investor letter, the group of investors requested the footwear and apparel company to take action regarding the outstanding wages owed to the workers employed by its suppliers in Cambodia and Thailand and adequately compensate them for the USD ≈2 million in lost wages and benefits owed to over 4500 workers. The investors have asked the company to demonstrate a commitment to providing access to remedy for workers in cases of labour rights violations in the future, and to show a commitment to responsible purchasing practices. By addressing these concerns and ensuring workers receive the compensation they are owed, investors are urging the company to take responsibility for labour rights issues in its supply chain and to prevent similar violations in the future.

Engagement outcomes

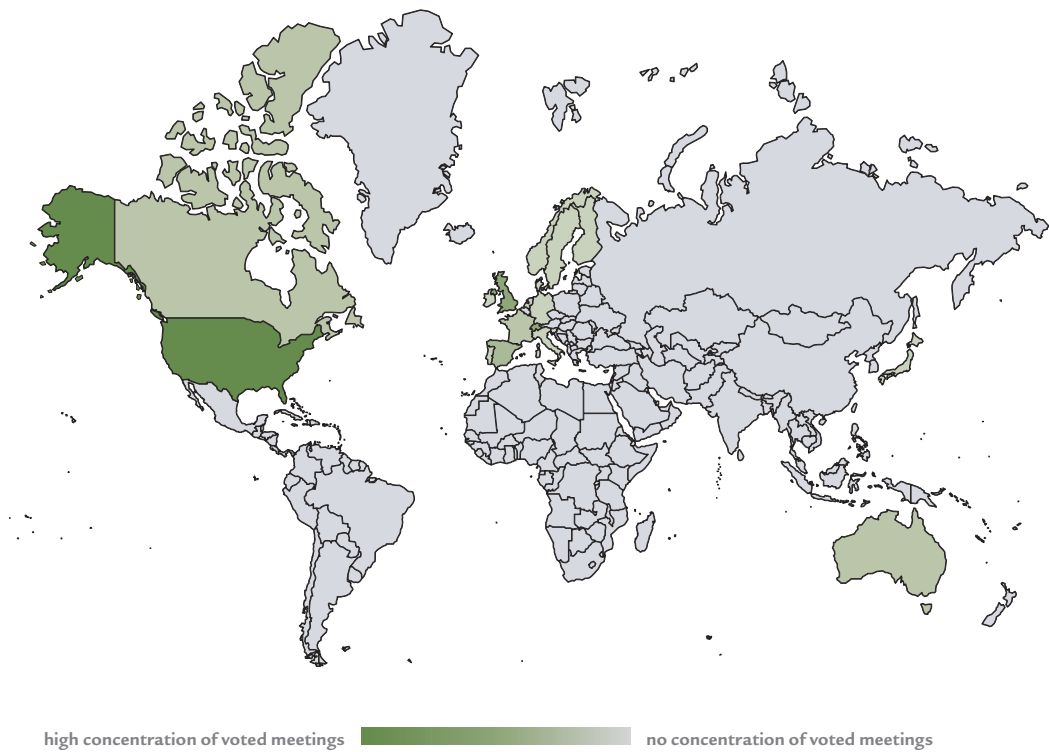
During the reporting year, the company did not respond to the investor letter and the company did not take any action regarding the lost wages owed to the workers in Cambodia and Thailand. Based on the upcoming interactions and remediation actions by the company, Swiss Life Asset Managers will consider relevant escalation measures.

3 Report on proxy voting activities in 2023

3.1 Key figures for proxy voting

During the reporting year, Swiss Life Asset Managers voted at 294 general meetings corresponding to the criteria and scope⁸ defined by Swiss Life Asset Managers’ proxy voting policies. In addition to the overview presented in this report, Swiss Life Asset Managers discloses its voting activities on its website using Voting Disclosure Services (VDS)⁹ from ISS. On this website, it is possible to see our individual votes for all AGMs at which we voted.

Figure 10. Geographic areas of Swiss Life Asset Managers’ voting activities



Source: Swiss Life Asset Managers

⁸ This report includes a consolidated view of Swiss Life Asset Managers’ voting instructions. Note that holdings from individual client mandates are not in the scope of our proxy voting activities unless there are clear instructions from the client to exercise voting rights, in which case that activity is included in this report.

⁹ The link to the VDS is available in Appendix 1 of this report.

Figure 11. Votes by geographic areas

Geographic areas	Number of voted meetings
Australia	4
Belgium	1
Canada	11
Denmark	3
Finland	5
France	13
Germany	9
Italy	1
Japan	4
Jersey	1
Netherlands	4
Norway	1
Portugal	1
Spain	12
Sweden	1
Switzerland	46
United Kingdom	39
USA	138
Total	294

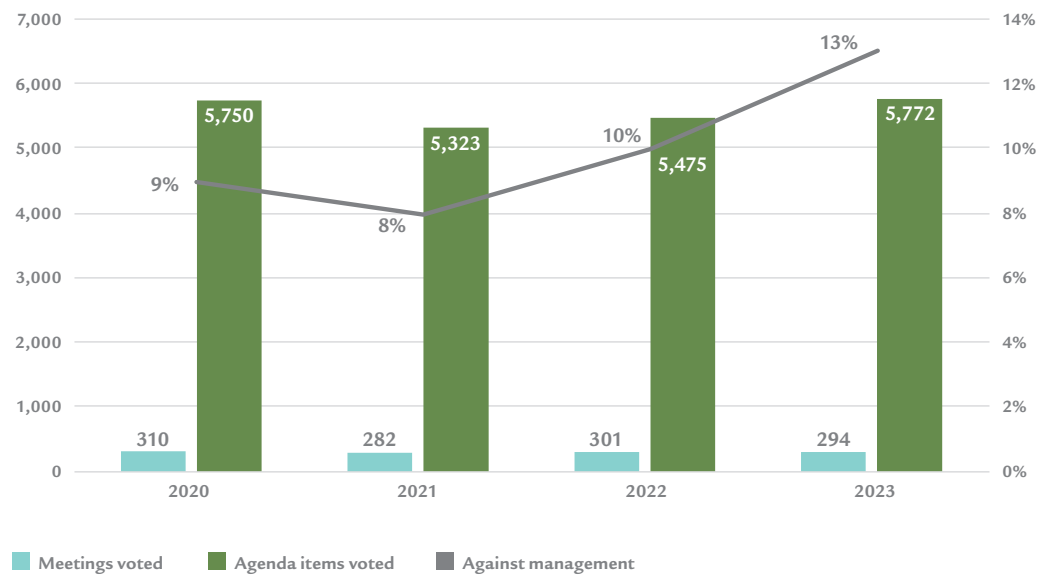
Swiss Life Asset Managers' voting scope is significantly influenced by the prevalence of environmental and/or social proposals on the agendas of our investee companies. Therefore, it shows that we vote primarily in regions where submitting shareholder proposals is more common, such as in the United States.

In 2023, we voted at 19% of all voteable meetings (294 out of 1518 meetings). As described in Swiss Life Asset Managers' proxy voting policies, we vote mainly at annual general meetings (AGMs) where a certain volume threshold regarding our exposure is reached or if there is a predefined environmental and/or social topic on the agenda¹⁰.

¹⁰ Please refer to section 1 of this report (Approach and Strategy), or to our publicly available proxy voting policies for more details (a link to which is available in Appendix 1 of this report).

Historical development of voting activities at Swiss Life Asset Managers

Figure 12. Development of proxy-voting activities



Source: Swiss Life Asset Managers

Compared to 2022, we increased the number of agenda items voted on from 5,475 to 5,772 and slightly decreased the total number of meetings at which we voted. In 2023, Swiss Life Asset Managers voted against management¹¹ for 13% of all items, which is the highest share of “against management” votes since Swiss Life Asset Managers started to report on proxy voting activities in 2020.

Proxy voting activities by local entities¹²

Figure 13. Votes by local entities

	Meetings voted	Agenda items voted
Swiss Life Asset Managers in France	204	3906
Swiss Life Asset Managers in Switzerland	210	4149
Swiss Life Asset Managers in Luxembourg	195	3925

11 Votes “against management” correspond to votes which do not follow the voting recommendation that was made by the management of the relevant investee companies. It can cover resolutions that were submitted by the management of companies, as well as resolutions that were filed by shareholders.

12 All other reported figures are consolidated over all local entities.

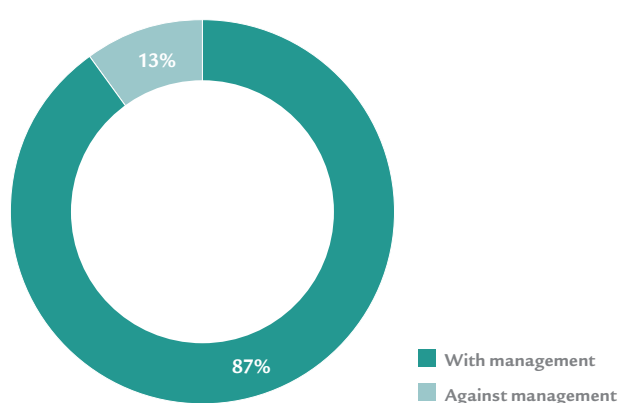
Breakdown of votes

Figure 14. Detailed breakdown of votes

Country	Voted agenda items	Abstain	Against	For	One year ¹³	Three years ¹³	Withhold	Against management	% of votes "against management"
Australia	36		9	27				5	14%
Belgium	13			13				0	0%
Canada	199		18	181				23	12%
Denmark	57	2	8	47			2	4	7%
Finland	66		5	61				5	8%
France	340		50	290				46	14%
Germany	177			177				0	0%
Italy	14		2	12				0	0%
Japan	87		26	61				18	21%
Jersey	19		2	17				3	16%
Netherlands	57			57				0	0%
Norway	21		6	15				1	5%
Portugal	13			13				0	0%
Spain	217		8	209				8	4%
Sweden	42		4	38				2	5%
Switzerland	1,218		92	1,125	1			91	7%
United Kingdom	913	1	11	901			1	13	1%
USA	2,283		242	1,855	120	1	65	520	23%
Total	5,772	3	483	5,099	121	1	68		

"Against management"	% of votes "against management" of all votes
739 of 5,772 agenda items voted "against management"	13%

Figure 15. Votes "against management"



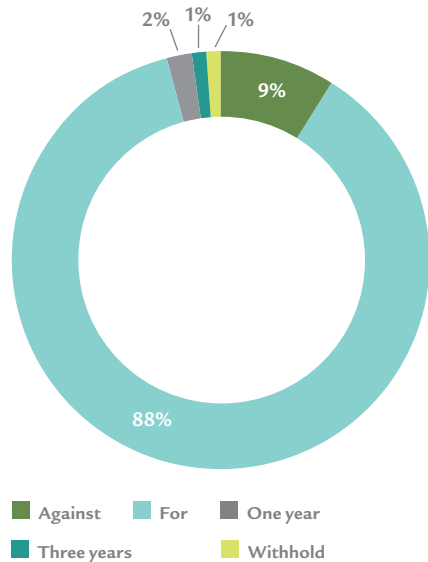
Source: Swiss Life Asset Managers

¹³ Refers to proposals such as "advisory vote on say-on-pay frequency", where we voted on the say-on-pay frequency.

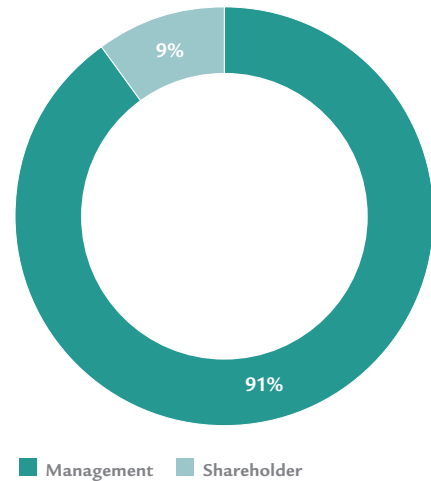
Swiss Life Asset Managers voted “against management” on 13% of all items. From the total of 5772 agenda items voted on, we voted on 527 (9%) shareholder proposals and 5245 (91%) management proposals.

Figure 16.

Voting instructions



Types of proposals voted on



Source: Swiss Life Asset Managers

Analysis of votes concerning environmental, social and governance items

In the table below, we show the share of agenda items voted on under the Environmental (E), Social (S), Governance(G)¹⁴ pillars and the % of agenda items where we voted “against management”.

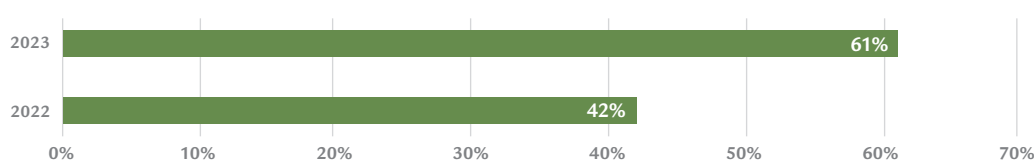
Figure 17. Votes by environmental, social and governance items

Categories	Agenda items voted	Agenda items voted “against management”	% of agenda items voted “against management”
E	138	98	71%
E, S (combined)	73	17	23%
E, S, G (combined)	3	1	33%
G	5,299	449	8%
S	256	174	68%
S, G (combined)	3	0	0%
Grand total	5,772	739	13%

¹⁴ Environmental items are for example related to climate change and biodiversity. Social items are, for example, related to human rights due diligence processes and board diversity and governance items are for example related to director elections and compensation. “E, S”; “S, G” and “E, S, G” items relate to hybrid items where it is more difficult to allocate the items to one distinct category. This relates to items such as just transition and social-related aspects in remuneration. We rely on the categorisation by our external service provider ISS.

In the following illustration, we excluded the “G” items and show a more detailed analysis of environmental and social topics. For those items, Swiss Life Asset Managers voted 61% “against management” in 2023 compared to 42% in 2022. As the table below shows, Swiss Life Asset Managers voted most often “against management” on topics concerning climate change, health & safety as well as workforce diversity, equity & inclusion. The most frequent environmental and social topics for which we gave a vote are related to climate change, political spending and human rights.

Figure 18. Votes “against management” for environmental and social items

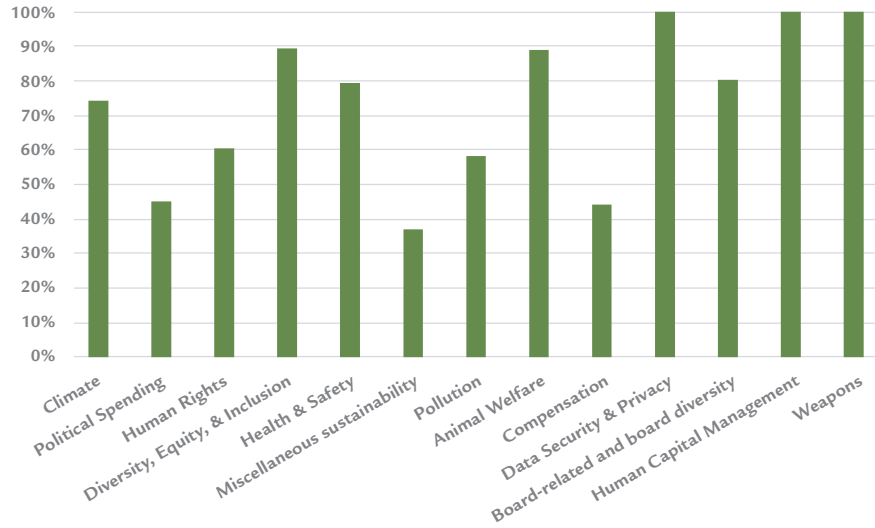


Source: Swiss Life Asset Managers

Figure 19. Votes by sustainability categories

Categories	Agenda items voted	Agenda items voted “against management”	% of agenda items voted “against management”
Climate	124	92	74%
Miscellaneous sustainability	93	34	37%
Political spending	82	37	45%
Human rights	48	29	60%
Diversity, equity, & inclusion	47	42	89%
Health & safety	29	23	79%
Pollution	12	7	58%
Animal welfare	9	8	89%
Charitable spending	7	0	0%
Compensation	7	3	43%
Data security & privacy	6	6	100%
Board-related and board diversity	5	5	100%
Human capital management	2	2	100%
Weapons	2	2	100%

Figure 20. % of “against management” votes of all voteable proposals in the relevant category



Source: Swiss Life Asset Managers

Swiss Life Asset Managers is a signatory and a member of Climate Action 100+. With the objective of encouraging companies to develop their transition planning and achieve emission reductions in line with the Paris Agreement, we voted 66% “against management” recommendations to encourage companies to implement more advanced climate strategies and enhance climate-related disclosures.

A proud participant of:



Climate Action 100+
Global Investors Driving Business Transition

66%

“Against management” votes on climate topics at Climate Action 100+ focus companies, given our voting scope

29

Climate resolutions supported at Climate Action 100+ focus companies

3.2 Proxy voting 2023: case studies

Throughout the reporting period, we maintained our commitment to encourage companies to provide higher transparency on climate change. Considering sector-specific expectations, we refrained from supporting climate transition plans if they lacked sufficiently robust short-, medium- and long-term objectives to align with the Paris Agreement's goals. We endorsed resolutions that called for aligning Net Zero efforts with the expectations outlined by the International Energy Agency (IEA) and the UN Intergovernmental Panel on Climate Change (IPCC), as well as resolutions urging the adoption of greenhouse gas (GHG) emissions targets in accordance with the recommendations of the Science-Based Targets initiative (SBTi).

Besides calling for stronger climate strategies, human rights due diligence processes and increased disclosures on workforce diversity, we supported proposals related to biodiversity such as the disclosure of and commitment to strategies to reduce plastic use. With our voting activities, we aim to generally support financially material proposals which contribute to the preservation and responsible use of natural resources, such as water, soil and minerals as well as forests and other ecosystems. We believe that a loss of biodiversity and ecosystem services poses a major risk to businesses, which have the potential to affect the investment value in the short, medium and long term, especially in high-risk sectors. Therefore, additional transparency on issues such as plastic waste helps shareholders to assess the potential transition, physical, litigation, regulatory and systemic risks connected with related biodiversity issues. In the sub-sections below, we present two relevant and important case studies of our proxy-voting activities.

Case studies

3.2.1 Case study: adoption of medium-term Scope 3 GHG reduction targets

A shareholder resolution submitted by an NGO has requested the multinational oil and gas corporation ExxonMobil to set a medium-term reduction target covering Scope 3 greenhouse gas (GHG) emissions, consistent with the goal of the Paris Climate Agreement. The company's capital expenditures and GHG emissions reduction targets reveal that the company relies heavily on fossil fuels. Swiss Life Asset Managers believes that including all substantial Scope 3 emissions into the company's Net Zero by 2050 target would provide the company with a roadmap to reduce its GHG emissions across its full value chain. Furthermore, the company plans to invest only about 15% of its total capital expenditure in less carbon-intensive solutions, which we assess as insufficient for transitioning to a low-carbon future.

We believe that setting Scope 3 medium-term GHG emissions reduction targets and aligning the company's capital expenditures to its Net Zero by 2050 ambition would send positive signals to responsible investors, providing more transparency on the company's approach in addressing climate-related risks and its efforts to reduce its environmental impact throughout its operations and value chain. Aligning the company's operations, targets and disclosures with the Paris Agreement's 1.5°C target would further reinforce its climate commitment to achieve Net Zero greenhouse gas emissions by 2050. Swiss Life Asset Managers supports proposals which encourage companies to develop their transition planning and achieve emission reductions in line with a 1.5°C net-zero pathway. Therefore, we supported this resolution, against the investee companies' management recommendations. The voting results show that the proposal was supported by 10.5% of voting shareholders.

3.2.2 Case study: report on efforts to reduce plastic use

A shareholder resolution by an NGO requested an American retail company, which operates supermarkets and multi-department stores, to issue a report describing how it could reduce its plastics by considering the risks and remediation actions highlighted by the “Pew Report¹⁵”. The requested report should outline the company’s strategy for reducing its contribution to ocean plastics pollution, demonstrating its commitment to environmental stewardship and responsible business practices. While the company has some strategies and goals related to waste and sustainable packaging in its recent disclosures, it does not have a quantifiable goal to reduce its overall use of plastic packaging, and its existing sustainable packaging goals appear to be weaker than those of its peers that have signed the “Ellen MacArthur Foundation New Plastics Economy Global Commitment”. At the time of the AGM, the retail company had not signed the commitment and had not provided sufficient transparency regarding its efforts to reduce plastic use. New regulations are currently being put into place that are expected to reduce demand for single-use plastics made from new materials to reduce pollution, and these regulations are likely to increase costs for companies that rely heavily on plastic packaging. An analysis of how the company can reduce its plastics use by shifting away from single-use packaging in alignment with the findings of the “Pew Report” could provide shareholders with a better understanding of how the company is managing the financial, regulatory, reputational and nature-related risk highlighted in the report.

¹⁵ Pew Charitable Trusts and SystemIQ (2020), [Breaking the Plastic Wave: A Comprehensive Assessment of Pathways Towards Stopping Ocean Plastic Pollution](#)

4 Outlook

In 2023, our Active Stewardship initiatives have focused on developing a strong framework and establishing a coherent, credible engagement approach to further integrate our climate-related commitments into our stewardship practices. Recently, we observed major shifts in the stewardship landscape, such as the introduction of the Swiss Stewardship Code and the focus on engagement activities promoting sustainability outcomes with a double-materiality perspective. These shifts have facilitated the definition of our engagement strategy and contributed to building robust internal governance around the topic.

Our major focus is to continue our progress from 2023, being aware that further collaboration with other investors and enhanced participation in collaborative initiatives are crucial. Furthermore, the measurement and benchmarking of engagement outcomes, the expansion of our thematic engagement activities in the topics of Net Zero by 2050, human and social rights, as well as initiating our activities on biodiversity will play a key role in promoting more sustainable business practices.

Appendix 1

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

- [Active Stewardship Report 2022](#)
- [Responsible investment policy](#)
- [Responsible investment report 2023](#)
- [VDS Voting Dashboard](#)
- [Proxy Voting Policies](#)

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