

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

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The following PAI Statement is provided in accordance with Article 4 Regulation (EU) 2019/2088 (“SFDR”)

Financial market participant Swiss Life Asset Managers Funds AS, LEI: 549300FUJXW2EN877U03

Summary

Swiss Life Asset Managers Funds AS considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Swiss Life Asset Managers Funds AS.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Swiss Life Asset Managers Funds AS is a prudent asset manager and is convinced that pro-active integration of relevant ESG factors into the investment decision-making process across all asset classes will reduce sustainability related risks. For this reason, Swiss Life Asset Managers Funds AS recognizes that its investment management activities may generate negative impacts on sustainability factors and has defined procedures to identify how its activities are linked to these adverse impacts and how to measure and mitigate them.

Swiss Life Asset Managers Funds AS has identified the following sustainability factors as being the most relevant and considers principal adverse impacts (PAI) related to a) Climate and environmental matters; b) Social and employee, respect for human rights, anti-corruption and anti-bribery matters.

Climate and environmental matters: indicators related to the impact on climate change (e.g. greenhouse gas emissions, energy performance) and natural resources (e.g. biodiversity, water, waste).

Social and employee, respect for human rights, anti-corruption and anti-bribery matters: indicators related to sanctions and/or violation of international principles and conventions (e.g. labor, human rights, controversial weapons) and corporate behaviour (gender pay gap, board diversity).

In order to avoid a high level of exposure of its investment products to issuers or assets with negative impacts and the related investment risks, Swiss Life Asset Managers Funds AS has identified and defined procedures to measure, monitor and mitigate PAI across all asset classes.

For the year 2022, Swiss Life Asset Managers Funds AS had 0 % exposure to fossil fuels, 14% exposure to energy inefficient real estate assets and an emission of 1762.81 t CO₂eq.

Swiss Life Asset Managers Funds AS' approach towards the consideration of PAI will evolve over time taking into consideration regulatory developments as well as industry best practices.

Please refer to Annex 1 at the bottom of this document for the Norwegian translation of the summary.¹

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact [year 2022]	Impact [year 2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
1. GHG emissions	Scope 1 GHG emissions	NA	NA	NA	

¹ English version of the summary is the legally binding version whereas the translated version in Annex 1 is translation only.

Greenhouse gas emissions		Scope 2 GHG emissions	NA	NA	NA		
		Scope 3 GHG emissions	NA	NA	NA		
		Total GHG emissions	NA	NA	NA		
	2.	Carbon footprint	Carbon footprint	NA	NA	NA	
	3.	GHG intensity of investee companies	GHG intensity of investee companies	NA	NA	NA	
	4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	NA	NA	NA	
	5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	NA	NA	NA	
6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NA	NA	NA		
Biodiversity	7.	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	NA	NA	NA	
Water	8.	Emissions to water	Tonnes of emissions to water generated by investee companies per	NA	NA	NA	

		million EUR invested, expressed as a weighted average				
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	NA	NA	NA	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	NA	NA	NA	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	NA	NA	NA	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	NA	NA	NA	
	13. Board gender diversity	Average ratio of female to male board members in investee companies,	NA	NA	NA	

		expressed as a percentage of all board members				
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	NA	NA	NA	
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [year 2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	NA	NA	NA	
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	NA	NA	NA	
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [year 2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0 %	NA	NA	Current reference period (1.1.2022 – 31.12.2022) For its real estate investments, Swiss Life Asset Managers Funds AS has incorporated the PAI indicator on fossil

						<p>fuel exposure in the due diligence process of each property acquisition.</p> <p>Next reference period (1.1.2023 – 31.12.2023)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS will continue to measure this PAI indicator in its due diligence process. For Art. 8 products, in addition to the above, we have defined portfolio level thresholds by 2030 and will start to test all new investments against these thresholds.</p>
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	14 %	NA	NA	<p>Current reference period (1.1.2022 – 31.12.2022)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS has incorporated the PAI indicator on energy efficiency in the due diligence process of each property acquisition.</p> <p>Next reference period (1.1.2023 – 31.12.2023)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS will continue to measure this PAI indicator in its due diligence process. For Art. 8 products, in addition to the above, we have defined portfolio level thresholds by 2030 and will start to test all new investments against these thresholds.</p>
Others indicators for principal adverse impacts on sustainability factors						
ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator	Metric	Impact [year 2022]	Impact [year 2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period	

Indicators applicable to investments in real estate assets						
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets	0	NA	NA	<p>Current reference period (1.1.2022 – 31.12.2022)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS has incorporated the carbon performance monitoring on carbon intensity in the due diligence process of each property acquisition. To promote a GHG emissions reducing tenant behaviour, we have started to introduce according green lease clauses.</p> <p>Next reference period (1.1.2023 – 31.12.2023)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS will continue to implement the measures described above.</p>
		Scope 2 GHG emissions generated by real estate assets	0	NA	NA	<p>Current reference period (1.1.2022 – 31.12.2022)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS has incorporated the carbon performance monitoring on carbon intensity in the due diligence process of each property acquisition. To promote a GHG emissions reducing tenant behaviour, we have started to introduce according green lease clauses.</p> <p>Next reference period (1.1.2023 – 31.12.2023)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS will continue to implement the measures described above.</p>

		Scope 3 GHG emissions generated by real estate assets	1762.81	NA	(t CO2eq)	<p>Current reference period (1.1.2022 – 31.12.2022)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS has incorporated the carbon performance monitoring on carbon intensity in the due diligence process of each property acquisition. To promote a GHG emissions reducing tenant behaviour, we have started to introduce according green lease clauses.</p> <p>Next reference period (1.1.2023 – 31.12.2023)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS will continue to implement the measures described above.</p>
		Total GHG emissions generated by real estate assets	1762.81	NA	(t CO2eq)	<p>Current reference period (1.1.2022 – 31.12.2022)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS has incorporated the carbon performance monitoring on carbon intensity in the due diligence process of each property acquisition. To promote a GHG emissions reducing tenant behaviour, we have started to introduce according green lease clauses.</p> <p>Next reference period (1.1.2023 – 31.12.2023)</p> <p>For its real estate investments, Swiss Life Asset Managers Funds AS will continue to implement the measures described above.</p>

ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator	Metric	Impact [year 2022]	Impact [year 2021]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Indicators applicable to investments in Sovereign Issuers						
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column	NA	NA	NA	

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

As part of its approach towards sustainable investing Swiss Life Asset Managers has defined and implemented a dedicated PAI Policy, a set of methodologies specific for Real estate to identify, prioritize, measure, monitor and mitigate PAI indicators.

Senior Management has decided to adopt the current applicable division level PAI Policy as part of Swiss Life Asset Managers Funds AS’ governing documents framework.

The PAI policy, for which the Divisional Risk Management function is responsible, assigns roles and responsibilities at divisional and local level in relation to the identification, prioritization, measurement, monitoring and mitigation of the PAI within the organization as follow:

- *Executive Committee* ensures that sustainability risks and PAI are factored and considered into business strategy, risk appetite and risk management framework.
- *ESG Board* ensures, develops, and further improves Swiss Life Asset Managers’ approach to responsible investment, including PAI.
- *ESG Committees* are responsible to discuss and decide on the incorporation of ESG aspect, including PAI, in the investment process, for the identification, for each asset class, of the PAI indicators which are more material, and for ensuring that the list of PAI indicators is reviewed at least annually and updated accordingly in case of a change in Swiss Life Asset Managers’ sustainability priority or in the PAI’s severity and probability of occurrence.

- *ESG Team* is responsible for the coordination of PAI related activities, including the maintenance of PAI related methodologies, the PAI data sourcing and the selection of PAI data providers. *Local ESG experts* support local business units in the analysis and implementation of country specific obligations.
- *Divisional Risk Management Function* is responsible at divisional level for the division-wide governance on PAI integration into the risk management process shaping the approach on internal PAI monitoring and reporting, for the drafting of the PAI Policy and for the annual review and update thereof. The *local Risk Management Function* is responsible for the integration of PAI monitoring activities in its daily business, including the monitoring of the development of PAI indicators overtime.
- *Divisional Legal & Compliance* is responsible for the monitoring of the development of relevant sustainability-related publications regarding SFDR implementation on EU Level. *Local Legal & Compliance* is responsible to monitor local implementation and regulation of such disclosures and timelines.
- *Portfolio Management* is responsible to integrate the sustainable investment rules and PAI thresholds in its operational business and to conduct pre-trade checks and, in relation to investments in infrastructure, to perform the PAI assessment.

Identification, prioritization, measurement, monitoring and mitigation of PAI indicators

Swiss Life Asset Managers Funds AS identifies PAI indicators which are more material based on the current ESG strategy and approach to sustainable investments, the overall risk appetite, different asset classes, investment strategies and products' sectoral exposures.

The list of PAI indicators which Swiss Life Asset Managers Funds AS considers, is reviewed at least annually and updated accordingly to reflect any change in Swiss Life Asset Managers' and Swiss Life Asset Managers Funds AS' sustainability priority or in PAI's severity and probability of occurrence.

Furthermore, Swiss Life Asset Managers Funds AS identifies PAI indicators for its SFDR Art. 8 investment portfolio taking into consideration their probability of occurrence, irremediable character and severity, and, even though it considers all PAI indicators listed above to be equally important, it acknowledges that different investment portfolios' specific investment strategies might influence their prioritization at product level.

For this reason, Swiss Life Asset Managers Funds AS measures and monitors PAI indicators for investments underlying its SFDR Art. 8 investment portfolio.

For **investment portfolios with investments in real estate assets**, Swiss Life Asset Managers Funds AS measures and monitors the relevant PAI information for SFDR Art. 8 products through an ESG assessment (ESG Due Diligence). For SFDR Art. 8 products, PAIs 17 (exposure to fossil fuels through real estate assets) and 18 (exposure to energy-inefficient real estate assets) are assessed

at the asset level to check for their likely impact on the defined internal PAI thresholds at the portfolio level. While PAI 17 can be assessed with high accuracy by simply identifying the property type, a margin of error may exist in cases where the data on PAI 18 (EPC) is not available and has to be estimated based on benchmark models. Also, it shall be noted that the methodological improvement and harmonization of EPC standards along different European countries is subject to ongoing efforts of working groups including different related European stakeholders. Next to the above mentioned aspects linked to the PAI 17 and 18 our ESG assessment is always confronted with following general uncertainties: Assets are usually reviewed by a Technical Due Diligence (TDD) expert which produces a TDD report with assumptions and uncertainties (even if all relevant aspects are covered) that can lead to errors. Our internal ESG Assessment incorporates a methodology which includes assumptions and derives a rating that may generate significant biases in favour of, or against it, since it is not able to include all building specific aspects. Due to the available time window only material aspects are checked.

Mitigation activities for real estate cover the whole property investment cycle and include alignment of current and future portfolio investments to decarbonization pathways and exercise of engagement activities for the reduction of carbon emissions and energy consumption (e.g. green leases) when appropriate.

Measurement of PAI indicators at 'aggregated level'

Based on the definition of 'all investments' expressed in the Q&A of 16 November 2022 on the SFDR Delegated Regulation by the European Supervisory Authorities, we understand 'all investments' as both direct and indirect investments funding investee companies or sovereign through funds, funds of funds, bonds, equity, derivatives, loans, deposits and cash or any other securities or financial contracts.

Eligibility Consideration

Based on the applicability of the PAI indicator, any investment can fall into the categories (1) investee companies, (2) sovereigns and supranationals, (3) real estate or (4) others. Therefore,

- for any PAIs applicable to investee companies, any investment not being made into an investee company is considered as not eligible.
- for any PAIs applicable to sovereigns and supranationals, any investment not being made into a sovereign and supranationals is considered as not eligible.

- for any PAIs applicable to real estate, any investment not being made into real estate is considered as not eligible.

The portion of investments defined as not eligible, is considered as having 'no adverse impact' for that particular PAI. This portion is displayed in the 'non-eligible' ratio.

Data Coverage

The portion of data coverage is defined as the portion of investments for which the PAI indicator relevant data is available out of the sum of all investments.

Where data about the adverse impact related to an 'Eligible' investment for a PAI is not made publicly available, nor estimated by our current third-party data provider (e.g., PAI data is missing), the conservative assumption chosen is to normalize (i.e., proxy by the portfolio's average of the available values) the PAI value based on available PAI data for eligible assets.

Data sources

Swiss Life Asset Managers Funds AS relies on different data sources. Data availability is highly dependent on companies/assets/investments disclosing the respective information, especially outside of the EU, where regulatory requirements might be different. If data providers are used, some relevant investments might not be covered by the provider, or estimates are used. By displaying the coverage ratio Swiss Life Asset Managers Funds AS creates transparency on the availability of data for each PAI indicator.

Real estate

PAI data for real estate assets are provided, in most locations, by internal or external property management companies which are responsible for collecting consumption data at asset level and for providing it to Swiss Life Asset Managers as part of their duties under service agreements. In addition, smart metering solutions have made it possible to automate this process and we therefore receive some data through a data platform.

Engagement policies

For non-listed companies (i.e. real estate) Swiss Life Asset Managers Funds AS may exercise governance rights (i.e. influence via board seats) and engage directly with stakeholders such as tenants and investee companies' management, and lead co-investors.

References to international standards

Swiss Life Asset Managers adheres to various international initiatives which are setting standards and best practice for responsible investing in the asset management industry.

The present statement is based on the following internationally recognized standards for due diligence and reporting and are relevant:

- **UN Global Compact (UNGC):** The UN Global Compact is the world's largest initiative for corporate responsibility. The vision of the UN Global Compact is an inclusive and sustainable global economy based on ten universal principles relating to human rights, labour standards, the environment, and the fight against corruption.

Historical comparison

The first historical comparison will be provided by 30 June 2024.

ANNEX 1

Sammendrag

Swiss Life Asset Managers Funds AS tar hensyn til de viktigste negative påvirkningene som deres investeringsbeslutninger har på bærekraftsfaktorer. Denne erklæringen er en konsolidert erklæring om de viktigste negative påvirkningene på bærekraftsfaktorer til Swiss Life Asset Managers Funds AS.

Denne erklæringen om de viktigste negative påvirkningene på bærekraftsfaktorer dekker referanseperioden fra 1. Januar til 31. Desember 2022.

Swiss Life Asset Managers Funds AS er en forsvarlig kapitalforvalter og er overbevist om at proaktiv integrering av relevante ESG-faktorer i investeringsbeslutningsprosessen på tvers av alle aktivaklasser vil redusere bærekraftsrelaterte risikoer. Av denne grunn erkjenner Swiss Life Asset Managers Funds AS at dets forvaltningsaktiviteter kan ha negative påvirkninger på bærekraftsfaktorer, og har definerte prosedyrer for å identifisere hvordan sine aktiviteter kan knyttes til disse negative påvirkningene og hvordan de kan måles og reduseres.

Swiss Life Asset Managers Funds AS har identifisert følgende bærekraftsfaktorer som de mest relevante, og vurderer vesentlige negative påvirkninger (PAI) knyttet til a) Klima og andre miljørelaterte indikatorer; b) Sosiale spørsmål og personalspørsmål samt spørsmål knyttet til respekt for menneskerettigheter og bekjempelse av korrupsjon og bestikkelser.

Klimarelaterte og andre miljørelaterte indikatorer: indikatorer knyttet til påvirkning på klimaendringer (f.eks. klimagassutslipp, energieffektivitet) og naturressurser (biologisk mangfold, vann, avfall).

Sosiale spørsmål og personalspørsmål samt spørsmål knyttet til respekt for menneskerettigheter og bekjempelse av korrupsjon og bestikkelser: indikatorer knyttet til sanksjoner og/eller manglende overholdelse av internasjonale prinsipper og retningslinjer (arbeidsforhold, menneskerettigheter, kontroversielle våpen) og bedriftskultur (lønnforskjeller mellom kjønn, mangfold i styret).

For å unngå et høyt eksponeringsnivå for sine investeringsprodukter til utstedere eller eiendeler med negativ påvirkning og tilhørende investeringsrisiko, har Swiss Life Asset Managers Funds AS identifisert og definert prosedyrer for å måle, overvåke og redusere PAI på tvers av alle aktivaklasser.

I 2022 hadde Swiss Life Asset Managers Funds AS 0 % eksponering mot fossil brensel, 14 % eksponering mot ikke-energieffektiv fast eiendom, og totalt klimagassutslipp på 1762,81 t CO₂eq.

Swiss Life Asset Managers Funds AS sin tilnærming til vurdering av PAI vil utvikle seg over tid ved å hensynte regulatorisk utvikling samt bransjepraksis.