



SwissLife
Asset Managers

UK Stewardship Report

Report for the year ended 31 December 2024

Foreword

Since its formation over 23 years ago, Swiss Life Asset Managers UK has recognised the importance of stewardship. Our approach is founded on responsible investment, which drives our purpose and culture.

We undertake to allocate, manage and oversee capital responsibly to create long-term value for our clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. We were proud to be announced amongst the first signatories – and one of the first real estate investment managers – accepted to the UK Stewardship Code in 2021.

We have sought to present our 2024 report in a fair and balanced manner, by commenting on activities that will be improved or implemented in 2025.

This report has been drafted using plain English and avoiding jargon to help ensure that it is understandable to a wide range of readers, not only those who are experienced property investors.

This report relates to Swiss Life AM UK stewardship activities during the reporting period Calendar Year 2024 (1 January to 31 December 2024).

As part of our ongoing implementation of the Principles of the Stewardship Code, we consult with specialist parties on a regular basis to obtain external and internal assurance. Please refer to Principle 5 for further information.

This report has been reviewed and approved by the Swiss Life Asset Managers UK Limited Board of Directors.



Giles King
Chief Executive
Officer



Tim Munn
Chief Investment
Officer



Tim Cridland
Finance Director



Frances Spence
Head of Research,
Strategy and Risk

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CEO's Update

"I am pleased to present the fifth edition of our annual Stewardship Report for clients and beneficiaries. Following on from our inclusion in 2021 as one of the first real estate investment manager signatories to the UK Stewardship Code, this report details our stewardship activities for the period 1 January to 31 December 2024."



Giles King
Chief Executive
Officer,
Swiss Life Asset
Managers UK



A Cautious Return to Positive Momentum

The previous two years have brought momentous change to the real estate investment landscape, fundamentally altering investors' perceptions of UK property as an asset class.

Within previous editions of our Stewardship Report, we have extensively detailed our responses to the exceptional, elevated Market-Wide and Systemic risks experienced during especially volatile periods in 2022 and 2023, during which we saw extreme levels of investor uncertainty in commercial property markets evidenced by the fastest repricing of market yields in recorded history, and the subsequent rapid fall in prices due to low levels of liquidity.

In 2024, we returned to relatively calmer market conditions from a macroeconomic risk perspective with reduced Market-wide risks compared to previous years. Positive momentum returned to the UK real estate market in 2024 alongside a more optimistic economic outlook in the first half of the year, meaning overall market risk was perceived to have fallen in comparison to previous years. We therefore returned to a more regular risk management approach in adherence with our comprehensive and well-established risk management framework.

In terms of investment performance, the weighted composite of our three longest-standing balanced portfolios – representing approximately half of AUM – continued to outperform the AREF/MSCI UK PFI Balanced Funds Index across 5- and 10-year annualised periods (to 31st December 2024). As an income-focused manager, we continued to deliver resilient income for our investors during 2024. Income returns within our portfolios remained strong in both absolute and relative terms, with the weighted property-level income return of our portfolio composite performing +77 bps p.a. higher than the Index over the last year. Our diversified, thematic approach – overweighted to markets supported by strong structural trends such as industrial and logistics – continues to position our clients' portfolios for long-term growth.

Continued Stewardship & ESG Integration

We furthered our commitment to stewardship in 2024 by delivering on the second year of our UK Social Value Strategy and by publishing our first annual Social Value report. Our strategy, entitled "Empowering Places", is 'place-based' and aims to tackle challenges caused by the social and demographic inequality affecting towns and cities across the UK. It signals our continued commitment to creating positive social impact within the communities in which we invest and focuses on uplifting the communities around our property assets, delivering tailored impacts that respond to the needs of local communities.

Following the formal launch of our strategy in 2023, £15,000 was made available in 2024 to support local causes in Bristol, which was selected as a location following comprehensive needs-based analysis. Please refer to the case study in Principle 10 for further information.

Our progress on sustainability was once again endorsed by our Global Real Estate Sustainability Benchmark (GRESB) scores, with our two longest-standing mandates scoring 84 (+1 point improvement YOY) and 82 (+1 point improvement YOY). Both mandates were awarded four Green Stars (a single green star improvement YOY for both funds).

For the fourth year running, we participated in the 10,000 Interns Foundation programme to promote diversity and inclusion within our industry, providing an internship to a student from Manchester University who participated in a rotating programme of experience across our business.

Portfolio Growth

Our UK Family Office client deployed c.£140m within 2024, acquiring 7 high quality industrial and retail warehouse assets across the South East, South West, Midlands, Yorkshire and Scotland. We furthered our innovative investment into operational real estate by adding a portfolio of assets in Yorkshire to our existing UK self-storage platform. We also continued to expand our partnership with

a specialist, UK single-family residential investment manager by acquiring assets for our PITCH fund in April. We also made investments on behalf of pan-European funds managed by our parent company, Swiss Life Asset Managers, acquiring a £11.3m care home in Greenford (West London) and a £31.5m hotel in Glasgow.

During the course of 2024, we implemented the first full year of investment management services for Barts Charity's endowment – a new client we onboarded at the end of 2023 following our appointment as strategic property adviser for their c.£75m directly held property portfolio. This mandate was secured following our efforts in 2023 to devise a fully integrated strategic investment management service to benefit the specific needs of UK charity endowment clients.

In September 2024, we were appointed by Christ's Hospital as the investment adviser of a new separate account mandate for its £120m UK commercial property portfolio. Christ's Hospital is an exempt charity with a total endowment valued at £440m, with approximately 40% allocated to commercial and rural property. The core-plus mandate aims to leverage our thematic investment approach, delivering attractive long-term returns through stock selection and proactive asset management, with a strong ESG focus.

As we look ahead to 2024, we strongly believe that our business is poised to continue benefiting from growing sources of client capital such as UK family offices, charities and endowments, insurance companies, and pension funds, which we expect will benefit from current and forthcoming market conditions.

Conclusion

As detailed throughout the report, we believe that Swiss Life AM UK is well-positioned to continue our strong track record of stewardship for our clients and beneficiaries. As responsible investors, we pride ourselves on our continued commitment to stewardship and are hereby pleased to present our report for the 2024 period. ●

Introduction

Swiss Life Asset Managers UK Limited is the UK arm of Swiss Life Asset Managers, one of the largest real estate managers in Europe¹ with approximately £115.4 billion of real estate assets under management and administration². As part of Swiss Life Asset Managers, our investment scope has range, resource and is socially responsible.

Founded in 2003, our UK business unit (Swiss Life AM UK) is led by an experienced team with significant continuity of service and deep understanding of local markets. We have a proven track record investing across risk profiles, from core to opportunistic strategies in all property market sectors and geographies. The majority of our Assets under Management (AUM) comprises income focused core/core-plus mandates. We focus on the provision of investment management services and co-investment for a select group of institutional clients to grow our business sustainably. Swiss Life Asset Managers UK Limited is a specialist UK real estate fund manager authorised and regulated by the FCA as a full scope AIFM under AIFMD.

Swiss Life AM UK's Chief Executive Officer is Giles King. He is supported by Tim Munn (Chief Investment Officer), Tim Cridland (Finance Director), and Frances Spence (Head of Research, Strategy and Risk), as well as the CIO (Per Erikson) and CFO (Jürg Zimmermann) of Swiss Life Asset Managers on the UK Executive Board. The Board is chaired by Jenny Buck as non-executive chair.

Swiss Life AM UK AUM totalled £2.0 billion as of 31st December 2024, comprising 163 direct property assets. We

service a range of both UK and international investors and predominantly invest in direct real estate (relating to the part- or full-ownership of specific property assets) across the risk/return spectrum. Indirect real estate investments (relating to ownership of shares in a fund or company managed by external managers), are acquired from time to time but comprise less than 1% of our AUM (0.87%).

Please refer to Principle 6 on p.34 for a detailed breakdown of our client base and real estate assets under management.

We offer a tailored service to deliver superior risk-adjusted returns on behalf of our investors, combining a highly personalised service with the scale, security and knowledge advantage of being part of one of Europe's largest real estate asset managers.

Swiss Life AM UK's longest-running mandate is the core, income-focused Property Income Trust for Charities (PITCH) Fund, which invests on behalf of its client base of UK charities and endowments. Championing ESG, PITCH has followed formal ethical and environmental management policies since launching in 2004. The fund has outperformed the MSCI/AREF UK All Balanced Open-Ended Property

Fund Index (PFI) by 85 bps p.a. over 10 years, with income comprising the majority of the fund's total return³. In addition to PITCH, we manage five separate account mandates on behalf of institutional investors and charity endowments.

Swiss Life AM UK adopts a research-led investment approach focused on the long-term drivers of occupational demand. We act entirely independent of brokers, sourcing investments across the market, and procuring services from external advisors on a best-in-class basis. Focused on income, we have a strong track record in constructing resilient portfolios, meeting clients' investment objectives and servicing expectations with a strong responsible investment ethos.

We have followed a thematic investment strategy for more than ten years, long before other managers that now claim to do so. We utilise our proprietary Asset Scoring Model to assess the thematic strength and potential of assets, seeking to buy and hold properties positively aligned to secular, macroeconomic trends to ensure enduring occupier appeal. This approach provides us the confidence to be largely unconstrained in our approach, not beholden to market benchmarks, and to act with conviction.

Real estate is a major asset class for Swiss Life comprising c.28% of its balance sheet assets². The wider Swiss Life platform affords our UK business the resources and long-term commitment to retain and recruit the best talent to develop our investment capabilities. Our focus is the provision of UK investment management services and co-investment for a select group of institutional clients to grow the business sustainably through long-term strategic partnerships.

We invest on behalf of a range of third-party investor clients. We manage segregated and advisory mandates for several UK-based Asset Management Companies including Schroders and Jupiter Asset Management. Within our UK pooled funds, we manage allocations for UK and European Pension Funds (public and private) and Life Insurers. Within our open-ended PITCH fund, we manage direct allocations from over 150 individual UK Charity Investors, as well as indirect allocations from an additional 20 UK-based Asset Management Companies who invest on behalf of a further c.1,000 UK Charity Investors. Finally, we manage segregated mandates on behalf of a UK Family Office and two UK Charity Endowments.

Swiss Life Group invests in funds managed by Swiss Life AM UK and other fund management businesses within Swiss Life Asset Managers. Over the last seven years, we have made UK investments on behalf of Swiss Life funds with pan-European strategies. We provide asset management services to these funds, and we expect this part of our business to grow over time.

We offer a tailored service to deliver superior risk-adjusted returns on behalf of our investors.

As both an owner and manager of assets, Swiss Life Asset Managers understands its responsibilities and fiduciary obligations. We make all investment decisions in line with regulatory requirements, and we are committed to value-oriented and holistic risk management. When it comes to risk management, we go beyond clearcut exclusions to protect our assets. Swiss Life Asset Managers uses a broad range of intelligence to make informed investment decisions, considering both financial and ESG factors. We provide solutions designed to help clients reach their goals and generate sustainable economic value. Our responsible investment approach is deeply embedded in our core processes, notably in controlling risk, portfolio management, investment selection as well as all core supporting functions. ●

¹ ANREV/INREV/NCREIF Fund Manager Survey 2024

² Swiss Life Asset Managers figures as at 31st December 2024

³ MSCI/AREF - December 2024

Principle 1

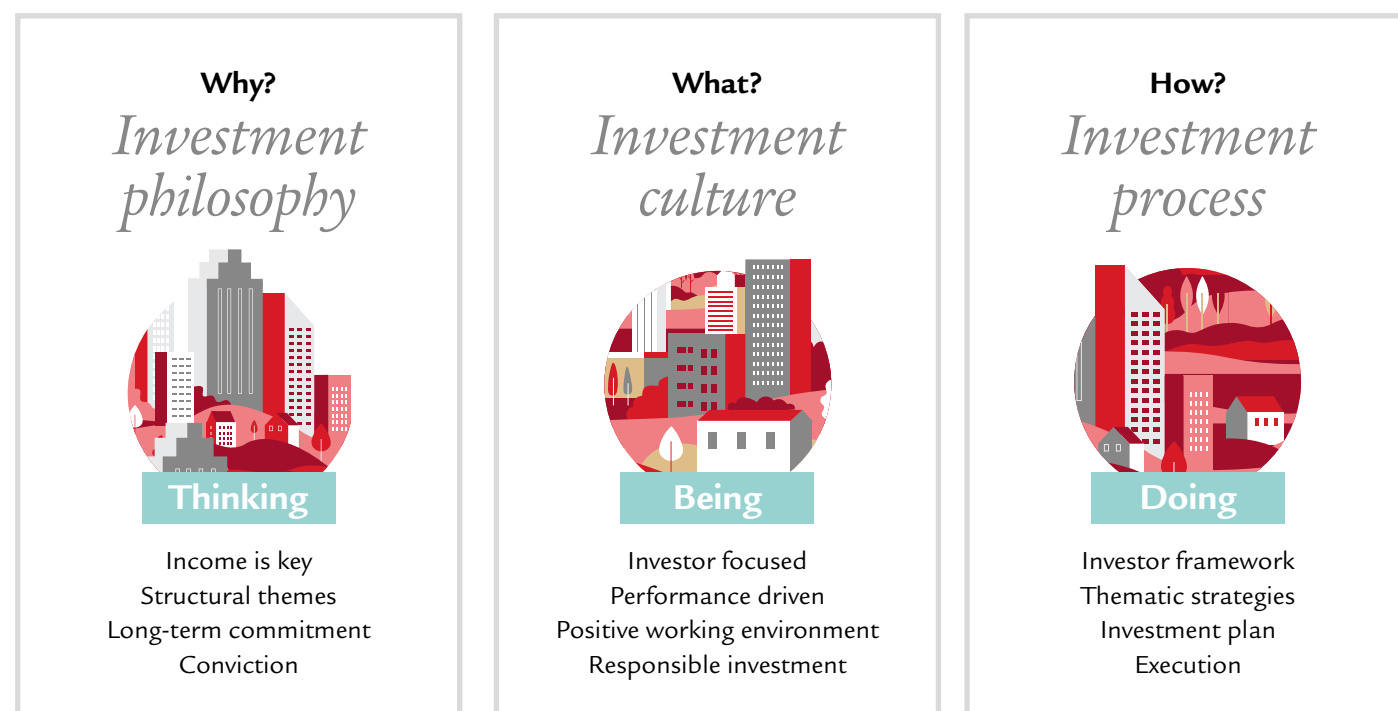
Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

Our Purpose

Our Purpose is to provide investor clients with tailored property investment solutions to meet their risk/return requirements. We invest smartly and responsibly, in accordance with secular trends, and with full appreciation of the impact our activities have on the communities in which we invest and the environment. We seek to build long-term strategic partnerships with our investor clients and stakeholders.

Our Investment Approach

We are a progressive investment manager. The attributes of our progressive style are encapsulated within our Investment Approach, which comprises our Investment Philosophy (“*how we think about investing*”), our Investment Culture (“*how we behave as investors*”) and our Investment Process (“*how we invest*”). We refer to this as “Thinking”, “Being” and “Doing”:



Investment Philosophy (“Thinking”)

Our investment philosophy contends that income is the driving force behind real estate investment. Income has comprised approximately 75% of property’s total returns over the last 40 years⁴.

Our long track record of outperformance (+42 bps p.a. over 5 years, +80 bps p.a. over 10 years) exemplifies our ability to deliver on our clients’ investment objectives through our thematic, income-focused Investment Approach.

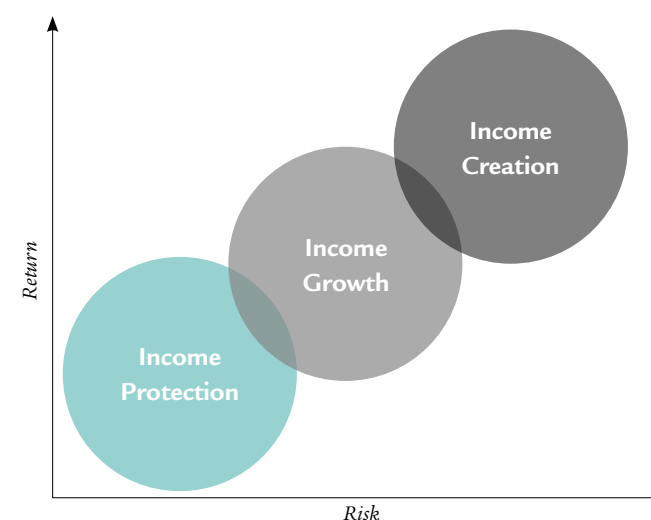
Accordingly, first and foremost we are income-focused investors. We tailor the income profiles of the portfolios we manage to clients’ risk profiles. Guided by our market research we invest thematically, identifying assets aligned to structural trends with physical characteristics that appeal to modern occupiers and are therefore able to generate long-term income.

We seek to build and manage portfolios that provide resilient and sustainable income returns by focusing on assets with strong fundamentals and sustainability characteristics. We target assets that, when diversified, provide a mix of income protection, growth and creation due to their enduring occupier appeal:

We seek to build and manage portfolios that provide resilient and sustainable income returns by focusing on assets with strong fundamentals and sustainability characteristics.

For core investors, we focus on income protection and growth through high quality income and vacancy mitigation with assets able to meet current and future occupier needs. We also place restrictions on speculative income creation initiatives to prioritise income preservation and mitigate vacancy risk.

For clients with a higher risk tolerance, we apply greater focus on capital value enhancement through income creation by focusing on assets with shorter leases with extension potential that provide opportunities to improve an asset through refurbishment and the development of additional space.



We understand that long-term value is maximised when we manage resilient real estate that is adaptable to change. Therefore, we believe a thematic approach – focused on the structural trends that drive long-term real estate demand – enables better understanding of occupiers’ needs and how these will change. With this insight, we invest with conviction and have the confidence to be largely unconstrained in our approach.

Sustained income preservation and growth necessitates stewardship over the land and property that we manage. This ensures a commitment to continuously align our holdings to positive economic, environmental and societal outcomes to ensure enduring occupier appeal.

⁴ Annual MSCI UK All Property Index - December 2024

Investment Culture (“Being”)

Our Purpose is supported by our Investment Culture, which determines how we behave. It is the fundamental link between how we think about investing and how we invest. Our emphasis on the merits of a progressive and shared investment culture is built on four commitments:

- 1. **We are investor-focused.** The investor is placed at the centre of our business. We build long-term strategic partnerships by putting investors’ needs first. We are in it for the long run and have processes in place that govern client care and communications to ensure requirements are being met. *See Principle 6 for more detail.*
- 2. **We are performance-driven.** We undertake disciplined investment with full accountability to meet investor requirements and maintain our consistently strong performance track record. We have a robust investment governance framework to ensure performance drivers and risks are closely monitored. *See Principle 4 for more detail.*
- 3. **We promote a positive working environment.** Swiss Life AM UK is a place of opportunity for our colleagues. We believe an emphasis on teamwork, mentoring and shared best practice engenders trust, respect, and fun, which in turn produces a high-performing business. We recognise the importance of diversity and inclusion in ensuring better decision-making and success as a high performing business. We actively promote and encourage the positive behaviours above. *See Principle 2 for more detail.*
- 4. **We are responsible investors.** Principles of Stewardship determine the way we interact with stakeholders; our clients, our advisors, the communities in which we invest, and the environment. Focusing on the highest standards of governance, we seek to generate sustainable value for our investors, going beyond positive investment performance. This is reflected in our approach to ESG and our responsible investment policies, which are long established. *See Principle 7 for more detail.*

These four investment culture commitments drive our purpose. A common purpose ensures that we behave and invest with authenticity on behalf of our investors, which, in these days of short-term prioritisation, is in short supply. This is the commitment we make to our investors and stakeholders. Accordingly, our stewardship approach is built on trust, transparency and generating sustainable value.

The strength of our Investment Culture is reflected by our status as a signatory to the UK Stewardship Code. Swiss Life AM UK was amongst the first signatories – and one of the first real estate investment managers – accepted to the UK Stewardship Code in 2021. We have successfully retained our signatory status for the past four years running.

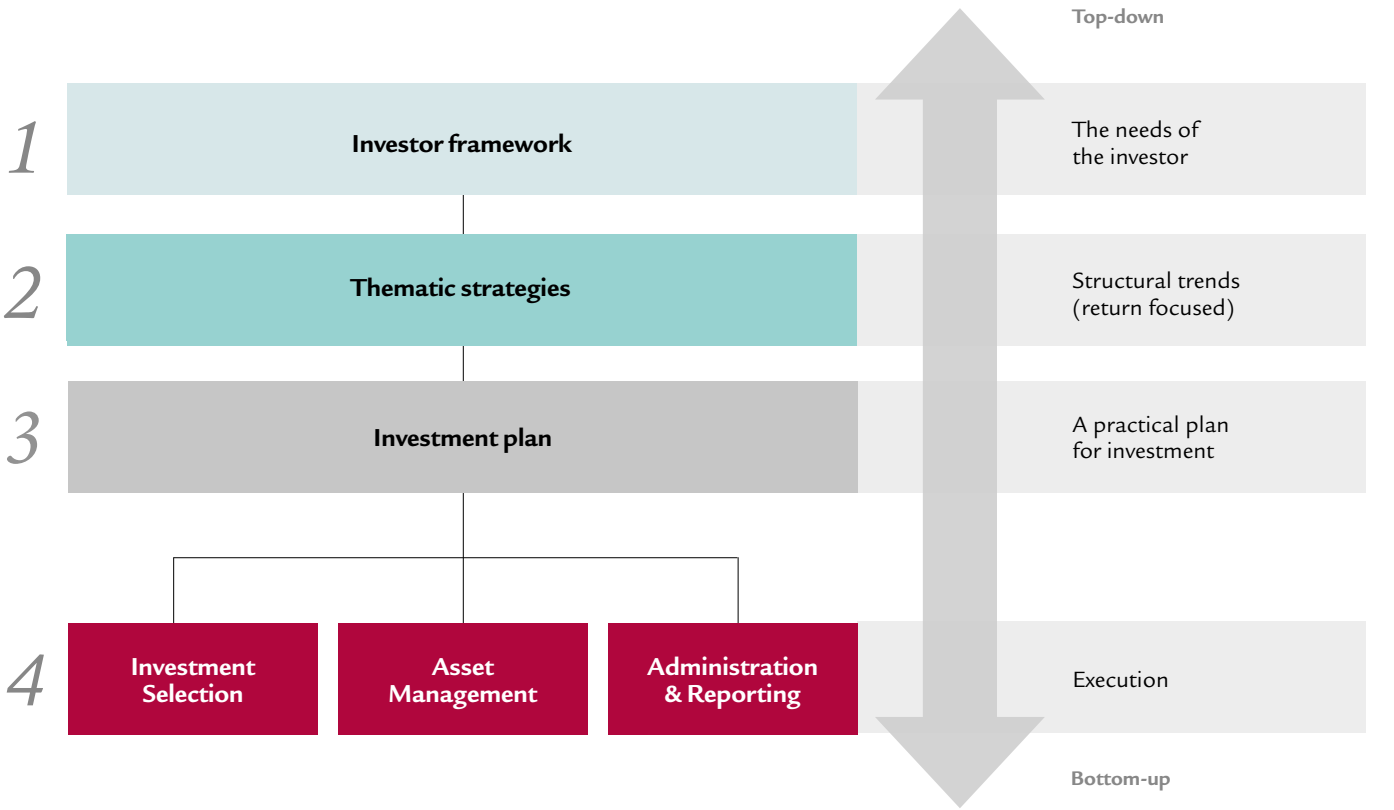
Investment Process (“Doing”)

Our Investment Process – “Doing” – details how we put our progressive Investment Philosophy (“Thinking”) and Investment Culture (“Being”) into practice. Our process for investment is highly disciplined and comprises both “top-down” and “bottom-up” elements as shown in the diagram opposite (*‘Investment Process’*).

- “Top-down” Characteristics**
- > The starting point for investment is always the needs of the investor. We refer to this as the *Investor Framework*, which incorporates the investor’s objective, the universe in which they wish to invest (i.e. geography/sector), their tolerance for risk, and any necessary investment constraints and restrictions. An Investor Framework is agreed with each investor prior to commencement of the mandate.
 - > Next, we apply our *Thematic Strategies*, which detail our house views and stock selection criteria. Focused on structural trends we target investments that align to our five investment themes – *Change & Disruption, Climate & Environment, Communities & Clustering, Consumers & Lifestyle*, and *Connectivity* – to ensure we select markets that will generate enduring occupier appeal.
 - > We then combine the Investor Framework and appropriate Thematic Strategies into an *Investment Plan* – a practical plan for investment that sets out the key strategic objectives for each mandate and planned investment activity. Our Investment Plans are formulated at the start of the year and approved by our Investment Risk Committee (“IRC”) and then reviewed after six months to ensure that the plan is on course and remains relevant.

We plan investments that are responsible, sustainable and able to meet the ESG requirements of our investors. In constructing our portfolios thematically, we mitigate income/performance risk by diversifying our exposure to assets and tenants. Portfolio risk metrics, often enshrined in

Investment Process



pre-agreed investment constraints and restrictions, are closely monitored by the IRC on a quarterly basis to ensure that the portfolio performs as intended.

- “Bottom-up” Characteristics**
- Only when these three steps are concluded do we commence investment with “bottom-up” execution. We have clearly defined policies and procedures for each element of Investment Execution:
- > For *Investment Selection*, we follow disciplined processes for the sourcing, allocation and approval of new acquisitions and the undertaking of due diligence, which are subject to audit. We select assets that have appealing locational and physical attributes for modern occupiers. We use our proprietary Thematic Asset Scoring Model to assess the thematic strength of an asset against a set of key attributes, including ESG credentials for each asset type (i.e. industrial, office, retail and residential). A score is

provided for the asset “today” and in three years' time assuming reasonable improvement measures, to guide decision-making.

- > For *Asset Management*, an Asset Business Plan is prepared annually for every asset that we manage with a “hold/sell” analysis (undertaken to determine the business plan), which is incorporated into the annual portfolio Investment Plan. As part of the “hold/sell” analysis we monitor the continued thematic strength of each asset. Investment performance is monitored throughout the asset’s hold period by the client team.
- > Finally, timely and accurate *Administration and Reporting* is critical to ensuring investors get the information they require, and to demonstrate that we are doing what we have said we will do, which is fundamental for building trust and developing long-term strategic partnerships.

Performance Track Record

Founded in 2003, Swiss Life AM UK is led by an experienced team with significant continuity of service and a deep understanding of UK markets. We have a proven track record of investing across risk profiles, from core to opportunistic strategies in all property market sectors and geographies.

In terms of investment performance during 2024, a weighted composite of our three longest-standing core balanced portfolios – representing approximately half of our total AUM – outperformed the MSCI/AREF UK Balanced Open Ended Funds Index over 5- and 10-year annualised periods (to 31st December 2024). The composite of these portfolios outperformed the Index by 42 bps p.a. on a 5-year basis, and 80 bps p.a. on a 10-year basis.

Our clients benefit from the thematic positioning of our portfolios, ensuring our held assets are aligned with evolving occupier requirements in response to structural changes. This underpins the low structural vacancy across our portfolios. While tenant risk remains elevated given challenging business conditions, we have experienced little unexpected void following tenant failures and have little income exposed to tenants on our internal watchlist. We believe this can be attributed to a focus on tenant covenant, with credit risk considered relatively low. This enables a consistent delivery of income.

While overall returns have been impacted by further negative revaluations – particularly in the office sector – we believe that adverse valuation movements are only of concern during market downturns when clients need to sell assets or are overleveraged. If we acknowledge that short-term capital growth and valuation fluctuations predominantly relate to extrinsic market sentiment, income remains the key driver of relative performance over the long term. Further, our diversified, thematic approach – overweighted to markets with strong structural themes such as industrial and logistics – continues to position our clients' portfolios for long-term growth. For example, we have begun to see the benefits of investing in the residential sector, which we entered in 2022, as reported in our previous Stewardship report. The sector delivered rental growth of more than 5.0% in 2024, based on the MSCI UK Annual Index⁵.

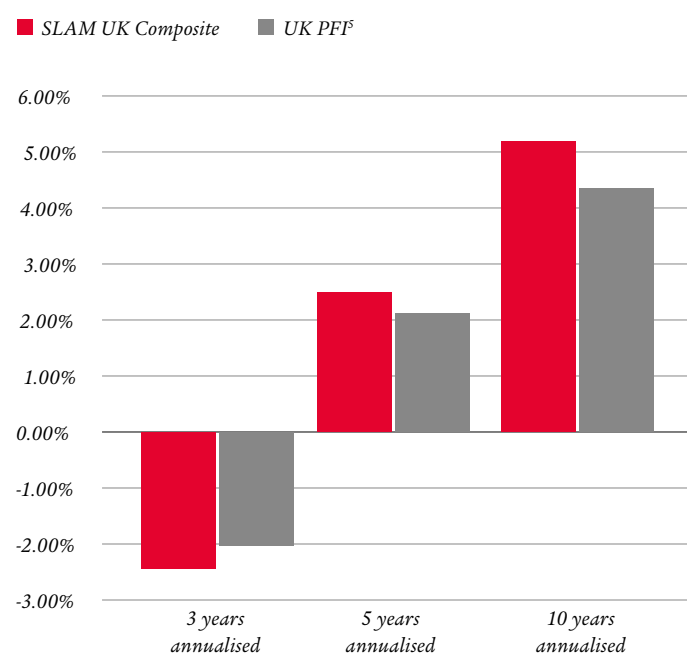
Swiss Life AM UK's largest fund, the Property Income Trust for Charities (PITCH), continues to deliver returns for its underlying investor base of UK charities and endowments.

Targeting delivery of a resilient, high-income return, PITCH has outperformed the index by 85 bps p.a. over the last 10 years due to its early conviction call on logistics, no exposure to shopping centres and high street shops, moderate use of leverage, and above average income return.

MC Property Unit Trust (MCPUT) has achieved long-term outperformance, attributable to its high weighting to industrials and active management, realising strong rental growth on its largest multi-let assets. The fund has now outperformed the index by 47 bps p.a. over 10 years.

Despite not being benchmark relative, MC Commercial Property Trust (MCCPT) – like PITCH and PUT – rates its performance against the index above. As our strongest performing fund across all time periods (1-, 3-, 5-, 10-years), MCCPT's performance has been attributable to its high weighting to industrials and low exposure to offices; however, it has been the Fund Team's proactive management of lease expiries and rent reviews to boost income that has driven superior performance. Due to constraints on new client capital, MCCPT is a relatively concentrated portfolio comprising 11 properties, therefore, positive asset management initiatives have an outsized impact on fund performance relative to our more diversified fund portfolios.

Swiss Life AM UK - Total Fund-level Returns for period ending 31.12.2024



⁵ AREF/MSCI UK All Balanced Funds Index – December 2024

Strategic Objectives

To realise our purpose, we focus on five medium-term strategic objectives that align with our investment approach and contribute to long-term value creation:

1. We plan to continue to provide tailored investment management services and co-investment for a select group of institutional clients and to grow the business sustainably.
2. We deal primarily with UK institutional investors, but with the support of our parent company, Swiss Life Asset Managers, we plan to broaden our investor base in future to include large institutional investors from overseas.
3. We will remain a predominantly core/core-plus direct property investment manager but with a commitment to build our track record of actively-managed and operational real estate to 30% of our AUM over time.
4. We strive to provide a positive working environment - diverse and inclusive - to attract and retain talent and to excel in responsible investment, continuing to be a leader in ESG.
5. We will continue to develop our thematic investment approach to ensure that we are building and managing resilient and sustainable portfolios, which is necessary to maintain our strong, long-term performance track record.

We will seek to grow UK assets under management by focusing on capital sources we expect will benefit from current and forthcoming market conditions, such as UK family offices, charities and endowments, insurance companies, and pension funds. We also expect to continue building our self-storage and residential strategies and expand the scope of Swiss Life's balance sheet and pan-European investment in the UK.

Assessing How We Service the Interests of Clients & Beneficiaries

We feel assured that we effectively served the interests of our clients and beneficiaries in 2024. Given the diversity of our investors' requirements and expectations, we assess our ability to meet clients' specific needs on an individual-client basis. Investment performance provides a fundamental assessment of whether we are creating long-term value for our clients, and we were pleased to achieve strong relative performance for our core/core-plus mandates during the period (p.12 - 'Performance Track Record').

We engaged deeply with our clients throughout 2024, communicating openly and proactively on key matters such as implementation of our ESG Budgets and Plans, the thematic positioning of client portfolios, and the escalation of issues where required. Further information and illustrative examples of how we service our clients and assess client satisfaction have been provided within Principle 6 (client engagement) and Principle 10 (issue escalation).

We are focused on tackling the ever-increasing needs and expectations of all our investors, with asset-level decarbonisation initiatives and social value emerging as key themes for engagement in 2025 and beyond. ●

Please refer to Principle 6 for further information regarding our approach to client servicing, including how we review and identify measures for continuous improvement.

Our clients benefit from the thematic positioning of our portfolios, ensuring our held assets are aligned with evolving occupier requirements in response to structural changes.

Principle 2

Signatories' governance, resources and incentives to support stewardship

Introduction

As a wholly-owned subsidiary of Swiss Life Group, the activities of Swiss Life AM UK are encompassed within the larger Swiss Life Asset Managers organisation. Whilst the overarching stewardship and ESG approach is set at the very highest levels of Swiss Life Group, responsibility for implementing governance and the resourcing of responsible investment in real estate is organised at the level of Swiss Life Asset Managers.

Swiss Life Asset Managers – Stewardship & ESG Governance

Overview

As a signatory of the UN PRI, Swiss Life Asset Managers maintains a clear responsible investment approach, which is integrated in investment processes and implemented throughout the business. Stewardship and ESG criteria are embedded throughout Swiss Life Asset Managers in all core governance structures and business processes.

ESG Board

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 SLAM'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.

ESG Committees (Real Estate)

Asset class specific ESG Committees are responsible for 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.

During monthly meetings, committee members deal with the operational implementation of our ESG strategy including bottom-up idea generation decision-making for ESG integration into the investment and/or risk management process. They also advise on how to approach investments that other committees or processes may raise as controversial.

ESG Team

Swiss Life Asset Managers' dedicated ESG Team is responsible for developing, implementing and governing all ESG matters across the group. The platform draws on a dedicated and well-resourced team of 36⁶ permanent employees dedicated to ESG. The centralised ESG team steers and implements cross-departmental ESG activities to ensure alignment between country and functional units. The team implements our ESG strategy, initiates bottom-up projects and assumes responsibility for coordinating and supporting external reporting (e.g. PRI, GRESB, rating agencies). The ESG Team is led by the Head of ESG who reports directly to the Group CIO.

⁶ Please note – the calculation method has been revised since the publication of the our previous report. As a result, this figure cannot be directly compared to previously published figures.

ESG Week

Swiss Life Asset Managers hosts an annual ESG Week dedicated to spreading ESG “know-how” across the organisation. First launched in September 2021, our ESG Week programme for 2024 incorporated a diverse programme of 13 separate sessions from 4th-22nd November, centring on the topics of decarbonisation, managing social challenges of climate change, and product innovation. Internal and external experts facilitated presentations, panel discussions, workshops and keynote speeches on a variety of ESG topics. Events in 2024 were attended by Swiss Life Asset Managers colleagues across Europe.

UK Country Level – Governance

UK Board of Directors

Swiss Life AM UK is governed by its Board of Directors (“The Board”). All Board members have at least 20 years of relevant experience. Most have over 30 years.

The Board meets on a quarterly basis. A formal agenda and papers are circulated prior. Regular reports are provided to the Board by the CEO, the CIO, the Finance Director and the Head of Research, Strategy and Risk. Stewardship is a standing agenda item within the CIO's report. All meetings are minuted and matters arising are followed up at the next meeting or beforehand if appropriate, including any actions relating to stewardship.

In 2024, we were pleased to announce the appointment of former Tesco Pension Investment CIO, Jenny Buck, as non-executive chair of our UK business, strengthening our corporate governance and capacity to achieve business growth. With more than 30 years' experience in investment management, Jenny brings extensive expertise in business management and investment solutions across multiple asset classes. As former Chief Investment Officer of Tesco Pension Investment and Head of Global Property Fund of Funds at Schroders, she has demonstrated a robust track record in evolving investment strategies, growing businesses, and delivering consistent results. Jenny has gained further experience in the real estate sector through her work with industry groups INREV and the RICS Property Forum.

UK Executive Committee

On a day-to-day basis, Swiss Life AM UK is managed by an Executive Committee, which executes the strategy set by the Board. The Executive Committee meets every week with additional meetings as required. A formal agenda and papers



(where necessary) are circulated prior to meetings. Stewardship is a standing agenda item. The Board and the Executive Committee are jointly responsible for the oversight and accountability for effective stewardship within Swiss Life AM UK. This approach has been chosen to ensure that stewardship is at the heart of decision-making both strategically (at Board-level) and operationally (at Executive Committee-level).

Investment Risk Committee (“IRC”)

The Investment Risk Committee (“IRC”) is responsible for approving the strategy of each fund and advisory mandate, together with all acquisitions, disposals and major asset management initiatives. Three members are needed for the IRC to be quorate. Investment decisions are made unanimously meaning that any IRC member who is not prepared to approve a transaction has veto rights.

The IRC meets every Monday with additional meetings as and when required. Approval requests are circulated prior to meetings, which are minuted. Stewardship and responsible investment are formally included in the IRC Terms of Reference and in the standard reporting template used for investment memos seeking IRC approval.

Remuneration Committee

Swiss Life AM UK's Remuneration Committee is responsible for approving promotions, salary reviews and bonuses. To ensure that the values of stewardship and responsible investment are embedded in compensation and incentivisation processes, these matters are formally embedded within our Remuneration Committee Terms of Reference and Remuneration Policy.

Key Personnel



Chief Executive Officer
Giles King

● ● ●



Chief Investment Officer
Tim Munn

● ● ●



Non-Executive Chair
Jenny Buck

● ● ●



Finance Director
Tim Cridland

● ●



Head of Research, Strategy and Risk
Frances Spence

● ● ●



CIO, SLAM & Executive Director
Per Erikson

● ●



CFO, SLAM & Executive Director
Jürg Zimmermann

● ●



Fund Director
Ned Pumphrey

●



Head of ESG, UK
Christi Vosloo

●



Head of Operations & HR
Anna Matthews

●



Head of Human Resources
Andrea Bacca

●

- Key
- Board of Directors
 - Executive Committee
 - Investment Committee
 - Remuneration Committee

UK Country Level – Resourcing

Overview

In the UK, investment stewardship and ESG criteria are actively considered in strategy formation, transactions, asset management and client reporting, all of which are overseen by the CIO and Investment Risk Committee and reported to the Swiss Life AM UK Executive Board. Christi Vosloo, Head of UK ESG, coordinates interaction between Swiss Life Asset Managers and the UK team. In her dedicated role, Christi focuses on implementing the firm’s ESG and Responsible Investment agenda, and reports to both the UK CIO and Swiss Life Asset Managers’ Head of ESG, Real Assets.

Our UK direct property team and Head of UK ESG also work closely with EVORA Global - an external sustainability consultancy - to continually improve our processes and ensure best practice in our responsible investment activities. We also engage a range of specialist providers to advise on ESG matters, with providers selected on a case-by-case basis according to the project and scope of work (e.g. JustOne to advise on social value).

Swiss Life AM UK has been following a responsible investment approach for its UK charity fund, PITCH, for over 20 years – well before it became part of mainstream fund management. PITCH employs a comprehensive ethical policy – developed in consultation with the fund’s investors – which excludes or limits exposure to companies involved in armaments, pornography, tobacco and alcohol.

Linking Stewardship to Remuneration

All Swiss Life AM UK staff members (Executive Committee, Investment Group, and Operations, Finance & Administration) have mandatory and meaningfully-weighted stewardship objectives included in their annual performance objectives, which directly impact remuneration as part of our annual appraisal process. We seek to instil positive behaviours related to stewardship across our entire business and these objectives are assessed annually with each individual.

All staff members are eligible to receive annual discretionary bonuses paid in April based on performance for the previous calendar year. Performance is measured using the Swiss Life “GPS” appraisal system which analyses the extent to which staff members have met their objectives, including adherence to the principles of the Stewardship Code. Performance is measured formally at the end of each financial year, with an

informal review at the half-year stage. Stewardship performance thus has implications for remuneration for all staff, aligning financial incentives with ESG outcomes.

Staff Impact & Engagement

We have a well-established internal UK Charity Committee. The committee is a staff-led governance body that coordinates charitable giving by Swiss Life AM UK and its staff. The Charity Committee is comprised of five UK employees who meet quarterly and drive staff engagement through volunteering days, matched raising, and the organisation of social/charitable events. All Swiss Life AM UK staff are given two charity volunteering days per year in addition to their normal holiday allowance to allocate to a charity of their choice. Swiss Life AM UK staff supported 12 different charitable causes in 2024, dedicating c.43 charity days and c.340 hours spent with these charities.

We support staff to take on community roles, such as serving as school governors, mentors and trustees/advisors to charities. Many of our staff additionally raise funds for personal initiatives. For example, one staff member raised money on behalf of international charity, Movember, in 2024 by running the London Landmarks Half Marathon.

We hosted the 2024 edition of our Annual Charity Fundraiser on Thursday 16th May, raising in excess of £25,000 for our UK charity beneficiary, *Stop.Breathe.Think.* All Swiss Life AM UK employees are given the opportunity to nominate a charity beneficiary which is then selected by our Charity Committee. *Stop.Breathe.Think.* provide free online counselling to children and young people who would not normally be able to afford it, getting support to them immediately and preventing the downward spiral into crisis and further mental health struggles. Our 2024 event was attended by 180 guests, who were invited to buy a table or seat at the event. The evening includes dinner, a talk from a guest speaker and a silent auction.

Swiss Life conducts a biennial Employee Survey for all staff across the group, with Swiss Life AM UK employees feeding into the Swiss Life Asset Managers module. The Employee Survey serves as a key opportunity for us to measure staff engagement, which directly relates to the four investment culture commitments that support our purpose (*Principle 1*) – namely our desire to promote a positive working environment that produces a high-performing business capable of creating long-term value for our clients and



UK staff volunteering for charity The Conservation Volunteers (June 2024)

beneficiaries. The Swiss Life Employee Survey is conducted as a voluntary and confidential process, administered by an independent, external survey provider. The last survey was conducted in 2023 and will be conducted again in 2025.

Diversity, Equity & Inclusion

We recognise the importance of diversity in all our activities including stewardship. Stewardship activities in 2024 were resourced by staff members of all ages, seniority, gender, and ethnic backgrounds.

Recruitment

Diversity is a consideration in the recruitment process for all new hires. In 2024, we actively sought to enhance our diversity (particularly gender and ethnicity) by engaging our recruiters on the following initiatives where possible and appropriate:

- > We promoted job advertisements on LinkedIn to reach a wider and more diverse audience of potential candidates.
- > We conducted search exercises based on excluding specific qualifications to ensure we were considering a broader range of potential candidates.

We subject potential candidates to a formal recruitment process in all cases to ensure fairness and impartiality.

In 2024, Swiss Life AM UK created a new career page on our website demonstrating the culture, values and benefits of working at our company in order to attract top, high-performing talent aligned with our business.

Every year, we conduct a formal objective-setting process that focuses on developing employee career progression and how our business can support employees through this. All employees are reviewed as part of “Team Portfolio Discussions” to assess their potential growth within the business. Additional trainings can be selected by individual staff members. We also performed a company-wide “Succession Planning” exercise for employees at Director-level and above within our Real Estate and Finance teams. This exercise will be reviewed annually in future.

In 2023, Swiss Life AM UK introduced salary bands linked to employee Job Profiles to serve as an additional instrument for HR and managers to develop employees’ salary, allowing

this process to be consistent, internally fair and competitive. The bands will be reviewed and updated regularly with fresh market data from Willis Tower Watson providing the long-term target framework for salary setting.

EDGE Certification

Swiss Life Asset Managers is globally certified at the EDGE “Assess” Level in recognition of its commitment towards workplace gender equity and inclusive culture. The assessment recognises that Swiss Life Asset Managers has a strong global framework of policies and practices with opportunities for improvement. As part of our businesses’ commitment to improvement, Swiss Life Asset Managers introduced a Quarterly HR Insights communication to ensure employees are aware of processes that are followed and new initiatives introduced. In addition, all employees were asked to complete mandatory Sexual Harassment Training with a 100% pass rate.

10,000 Able Interns Programme

Swiss Life AM UK participates in the 10,000 Able Interns Programme, which offers paid internships to address the chronic underrepresentation of disabled talent in the investment management industry. The programme included training to enable the business to prepare for the student as well as training sessions to prepare the candidates for the placement. During 2024, we provided a summer internship to a student from Manchester University who participated in a rotating programme of sessions across the business.

EY Foundation

During 2024, Swiss Life AM UK supported the EY Foundation – an independent charity that aims to support young people facing significant barriers to employment. The foundation supports diverse young talent, aged 16-17, from low-income backgrounds who are eligible for free school meals. The programme offers candidates two weeks of work experience with access to a mentor for six months.

Health & Wellbeing

In May 2024, Swiss Life AM UK participated in Mental Health Awareness Week by hosting daily events to encourage our team members to connect and share their experiences related to mental health.

In August 2024, we organised a Swiss Life AM UK Family Day, where we invited employees’ family members to a picnic in the park in order to welcome and acknowledge our wider staff community.



UK staff volunteering for Hackney Food Bank (November 2024)

In addition, we recognised National Inclusion week by inviting colleagues to bring into the office culinary dishes that had a personal meaning to them for sharing amongst colleagues.

Anti-Slavery & Anti-Human Trafficking

Under the Modern (Anti) Slavery Act 2015, Swiss Life AM UK strictly prohibits the use of modern slavery and human trafficking in our operations and supply chain. Swiss Life AM UK has a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all our business dealings and relationships. Employees must not engage in, facilitate or fail to report any activity that might lead to or suggest a breach in this policy. The prevention, detection and reporting of modern slavery in any part of our organisation or supply chain is the responsibility of all those working for us or under our control.

Assessing the Effectiveness of Our Resourcing and Governance

UK stewardship activities are led by the Swiss Life AM UK Executive Committee and subsequently resourced by all staff members involved in investment activities (transactions, asset management, fund management, research, investment

strategy and risk). We believe that our robust resourcing and governance structures are adequate in the context of our position as both a specialist UK real estate investment manager, and the UK division of Swiss Life Asset Managers, one of the largest real estate managers in Europe.

Swiss Life AM UK employs a relatively small team of 31 individuals in London. It is common for team members to “wear multiple hats” across functional responsibilities, including on topics related to stewardship. With this in mind, we feel that our hybrid resourcing model (comprised of both dedicated and part-time ESG resources) is appropriate given our size.

To summarise the effectiveness of our model – we maintain rigorous governance structures, embed ESG into personal objectives to directly impact staff remuneration, and engage with external sustainability consultants (e.g. EVORA and JustOne) on a project-by-project basis to ensure best practice alongside our peers. Our well-resourced platform of dedicated ESG professionals ensures that we continuously benefit from cross-border collaboration, as well as localised provision, to support stewardship for our clients and beneficiaries. ●



UK staff volunteering for charity The Conservation Volunteers (November 2024)



Swiss Life AM UK Family Day 2024 (August 2024)



UK staff volunteering for charity Spread a Smile (April & October 2024)



Outcomes

Governance, Resources & Incentives

2024 Outcomes

We progressed a variety of initiatives related to Governance, Resources and Incentives during 2024, with particular focus on our organisational policies, reporting and standards. Our strongest outcomes included:

- Continuous improvement of our **EDGE Certification**, including the implementation of a monthly HR Insights email to improve communication. Swiss Life Asset Managers is globally certified at the EDGE “Assess” Level in recognition of our commitment towards workplace gender equity and inclusive culture.
- Development of our **Family Policies and Handbook**, including guidance on entitlements and processes relating to maternity, parental and adoption leave.
- Development of policies and practices in recognition of the **EU Pay Transparency Directive**. This directive aims to strengthen the principle of equal pay for equal work between women and men and to enhance equality in the workplace in general.
- Ongoing refinement of **staff stewardship objectives** within our annual performance review process to ensure that they are “SMART”.
- We introduced **Maternity Leave and Returner checklists** to support employees taking maternity/parental leave. These help to ensure a smooth transition for employees who spend time away and subsequently return to work.
- We developed our company’s response to the new **FCA guidance on Sustainability Disclosure Requirements (SDR)**. We have provided further detail within the in-depth case study *adjacent*.
- We completed the second full year of our **UK Social Value Strategy** (entitled ‘Empowering Places’) and published our first annual Social Value report.

Please refer to the detailed case study in Principle 10 for information regarding governance and resourcing of our UK Social Value Strategy.

Case Study

Our company’s response to the FCA’s new guidance on Sustainability Disclosure Requirements (SDR)

As outlined in the previous edition of our Stewardship Report (2023 period), the FCA’s new guidance on Sustainability Disclosure Requirements (SDR) came into effect in May 2024. During 2024 we prioritised our company’s response to the new regime with anti-greenwashing, labelling, naming, marketing, and initial disclosure requirements materialising as significant topics for our business.

In response to the new requirements, we devised and fully implemented a new Greenwashing Risk Framework, which we finalised in early 2024 in advance of the anti-greenwashing rule detailed in the SDR, which also came into effect in May 2024. The new framework follows the same structure as our Swiss Life Asset Managers divisional framework, identifying 13 risks that arise from four potential sources within our business activities:

- > Promise (product claims)
- > Produce (portfolio construction and investment)
- > Prove (monitoring and reporting)
- > Sell (marketing and sales)

In consultation with relevant Heads of Departments, controls for each risk were documented and a control owner for each was agreed. The framework was rolled out to the wider business during two internal training sessions which took place on 13th May and 12th June 2024. The aim of these sessions was to communicate to employees their obligations under the framework and what actions must be taken to prevent greenwashing. Attendance was logged to ensure the training reached all staff members. Employees that joined the business after this date have taken the same training as part of their induction.

The framework was reviewed by internal audit in the second half of 2024, who assessed the design to be effective with no open issues to resolve.



Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Conflicts of Interest Policy

Our Swiss Life AM UK Conflicts of Interest Policy ensures that all clients are treated fairly throughout our decision-making processes. A copy of our policy is published on [our website](#). As with all our policies, the Conflicts of Interest policy is reviewed at least annually and updated where necessary. In addition, the policy and the conflicts log are reviewed annually by ACA Compliance (Europe) Limited, a third-party consultancy, as part of a programme of quarterly compliance monitoring.

A key aspect of this policy is to prevent a conflict of interest from occurring. Where this is unavoidable, it ensures appropriate measures are taken to mitigate and manage any such conflict to ensure that no client is adversely affected. It is clearly stated in the policy that “*The clients’ best interests remain paramount*”. Adherence to this policy ensures Swiss Life AM UK meets the requirements of Principle 3. All new staff members must complete conflicts of interest training as part of their induction. Existing staff members are required to complete a refresher course every two years.

Swiss Life AM UK is an investment manager of alternative investment funds, providing investment advice to a number of investor clients. We only invest on behalf of clients (rather than trading on our own account), and therefore the principal form of Conflict of Interest that we manage relates to the interests of our clients. Although each fund and advisory client has its own unique investment strategy, conflicts may exist where investment strategies partly

overlap. In order to mitigate and manage any potential conflicts relating to the acquisition of new real estate assets, we operate a deal allocation process to ensure that all clients are treated fairly.

Conflicts are identified and managed via both our Investment Risk Committee processes (*Principle 2*) and our weekly Transactions meeting for all Investment staff, which takes place every Monday morning. There is an obligation on all staff to disclose any potential conflict from a fund, client or personal perspective within this meeting. We have provided commentary in the *Outcomes* section of this Principle (*adjacent*) illustrating how a potential conflict, which arose during the year, was identified and mitigated.

From a property perspective, we proactively anticipate the potential for conflicts relating to the letting of property assets. We manage letting conflicts by separating responsibilities between Fund/Asset Managers, restricting communication between client teams, appointing separate letting agents and keeping all commercial/legal matters separate and confidential.

These processes align with “*The responsible allocation... of capital...*” included in the definition of stewardship. We are able to identify and mitigate potential conflicts in a timely fashion because of our efficient processes and nimble approach as a specialist fund manager. The key mitigant of potential Conflicts of Interest is our weekly Investment Risk Committee process, which serves a crucial oversight function via regularity of meetings. ●



Outcomes

Conflicts of Interest

The Swiss Life AM UK deal allocation process operated effectively throughout 2024. There were 40 individual Investment Risk Committee meetings held, and all new acquisitions were allocated successfully, with no conflicts arising between funds or mandates.

One potential conflict was discussed during 2024, which we describe below to illustrate the way we manage potential conflicts as part of our standard Investment Risk process:

In January 2024, our Investment Risk Committee (IRC) was advised to endorse the latest Investor Update for investors within our MC Residential 2 (MCR2) fund. The IRC were tasked with considering whether to close the fund in accordance with corporate expectations. However, to prioritise the prospect of additional returns to investors, it was decided that the proposed 2024 investment plan (devised by the UK investment team) should be pursued, and that the closing of the fund would be suspended for a further period. It was noted that two Swiss Life AM UK employees participated in the discussions despite also being IRC members and investors in the fund. The Swiss Life AM UK IRC noted these potential conflicts to ensure that all decisions were fair and free from any conflict.

Principle 4

4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

Risk Management Framework

Our risk management framework encapsulates our entire investment process. Swiss Life AM UK is authorised and regulated by the FCA. In accordance with regulatory requirements, we have implemented a robust framework to identify, monitor and manage risk. We identify investment risk within our quarterly risk reports by categorising risk as follows:



The Place Retail Park - Milton Keynes, UK

Risk Categories	Definition
Systematic (Market) Risk	Risk factors affecting the entire market and all properties in a similar way (interest rates, GDP, inflation, political changes such as tax or regulation).
Performance Risk	Recent performance developments (relative vs. benchmark or absolute) and risk of failing to meet investment objectives and target returns.
Liquidity Risk & Leverage	<p>Liquidity risk: Monitors factors impacting a portfolio’s ability to meet liabilities / redemptions. Where appropriate, liquidity in a portfolio is stress tested under different redemption scenarios. Liquidity within portfolios is measured by assessing the time required to convert an asset into cash given current market conditions and asset management initiatives as well as the risk an asset is potentially overvalued given current investor appetite.</p> <p>Leverage: Use of borrowed capital to purchase and/or increase the potential return of investment. It refers to total amount of debt on a property relative to current market value. The risk assessment considers the portfolio’s ability to service financing costs and repayments, as well as the risk of breaching any of the debt covenants.</p>
Concentration Risk	Concentration of exposure to single investments/assets, geographical focus, sectors or tenants.
Credit Risk	Refers to the credit risk of tenants defaulting at a portfolio level, i.e. aggregate tenant credit risk.
Valuation Risk	Valuation risk defines whether an asset is potentially overvalued and will earn less than expected when it matures or is sold by the holder, e.g. valuation loss caused by deviations in expected rent potential, capital expenditure, re-letting assumptions). Valuation risk also extends to fund unit pricing and the potential for dealings at an inaccurate price.
Asset Level Risk	In contrast to systematic risk, asset level risk (i.e. unsystematic risk) is specific to a particular property, e.g. capital expenditure, construction or environmental risks.
Counterparty Risk	Refers to risks from counterparties, such as property managers and banks, that could impact the operation and performance of the vehicle (e.g. mismanagement or bankruptcy). Includes limits on cash held in a single institution.
Regulatory Risk	Refers to risks arising from a changing regulatory environment.
ESG Risk	<p>Risk of increased obsolescence, higher capex requirements and reduction in liquidity for assets that are not resilient to changes associated with climate change. These risks are split into physical risks (e.g., resilience to more extreme weather events associated with climate change, such as flooding) and transition risks (e.g., risks associated with the changing regulatory environment in the shift to net zero carbon, such as higher capex requirements to meet rising energy efficiency standards). Wider factors include environmental data availability and green building certification.</p> <p>Risk of Greenwashing arising when sustainability related statements or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial service. As a mitigant, a dedicated framework to assess greenwashing risks and determine appropriate controls throughout the value chain has been implemented.</p>

The risk categories defined on the previous page provide a reporting framework for our main investment risk management procedures at a fund level:

- > Fund risk profiling
- > Fund risk monitoring
- > Fund risk modelling and stress testing
- > Fund risk reporting and escalation

Responsibility for oversight of these investment risk procedures sits with the Investment Risk Committee (IRC). As stated previously the IRC is chaired by Tim Munn (CIO) and membership comprises Giles King (CEO), James Lass (Head of UK Operational Real Estate), Edward Pumphrey (Fund Director) and Frances Spence (Head of Research, Strategy and Risk). On a quarterly basis, the IRC reviews investment risk reports for each Fund, which are prepared by the Research, Strategy and Risk team. Each report analyses the level of diversification in the portfolios and summarises the consistency between the current level of risk incurred by the funds and their agreed risk profiles (Investor Framework). The reports include:

- > *A check on the compliance of the funds with their risk parameters.* This covers the risk limits identified in the Investor Framework as well as compliance with loan covenants (if any) and counterparty risk limits.
- > *Modelling of the perceived liquidity in the fund* (i.e. the ability to convert assets into cash within pre-defined periods). For each fund, the degree of liquidity is expressed in terms of elements of the fund’s portfolio that could be converted into cash within time periods related to the redemption provisions of the fund or client’s requirements. These assets are assessed relative to sector, lot size and their business plan to determine the preference for sale and impact to the fund if they were liquidated.
- > *A review of fund performance on a relative and absolute basis.* House View asset allocations for benchmark relative funds are back-tested to assess to what extent the sector allocation decisions made a positive contribution to fund performance.
- > *The stress testing of the credit facilities* (if any) to assess the impact falls in value will have on the portfolio NAV and loan to values (LTV’s), according to the fund’s level of debt, as well as the impact of rental loss on the interest cover ratio (ICR).

- > *Analysis of tenant counterparty risk* as well as the shape of the income expiry profile, undertaken to assess the stability of future income and understand potential impacts on the income distribution yield.

On an annual basis, the reports will also include comments on the stress testing of the assumptions that underpin the annual hold/sell analysis and prospective base case IRR. Hypothetical stress tests are undertaken using economic scenarios that have been outlined by PMA – a third-party economic and property market forecaster – to help understand the vulnerability of property portfolios to extreme moves in market value given their sectoral composition. This enables pre-emptive portfolio recalibration to preserve and enhance value, while protecting from downside risk. We do not use a quantitative approach such as correlation analysis to inform our portfolio composition. Rather, we seek to invest with conviction following our thematic investment approach, which is based on five themes that drive structural change:

- > Change & Disruption
- > Climate & Environment
- > Communities & Clustering
- > Consumers & Lifestyle
- > Connectivity

Guided by our themes, we allocate capital to locations and assets that we believe are positively aligned with the structural changes underway in our economy and across society. Risk parameters are agreed as part of the investment strategy to ensure sufficient geographic, sector and tenant diversification, but these will vary depending on the risk/return profile of the mandate.

Industry Initiatives

We subscribe to a number of publications and data service providers to ensure we have up-to-date market information. In addition, senior personnel of Swiss Life AM UK are active members of industry bodies such as AREF, INREV, the IPF and RICS to keep abreast of market developments and new legislation and regulations to monitor current and new risks. We also work with best-in-class property consultants and solicitors, and receive information via their distribution lists for industry bulletins covering evolving risks.

Swiss Life AM UK and three of our advisory mandates are accredited as Living Wage Employers by the Living Wage

Foundation. The real Living Wage is the only UK wage rate that is voluntarily paid by almost 12,000 UK businesses who believe their staff deserve a wage which meets basic everyday needs. Swiss Life AM UK’s Living Wage accreditation demonstrates not only a commitment to our employees, but also to those who work in our supply chain, ensuring they are paid the “real living wage”. We recognise the majority of our impact and influence is through our supply chain.

In May 2022, Swiss Life Asset managers became a signatory of the Net Zero Asset Managers Initiative (NZAMi), reinforcing our commitment to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investment aligned with net zero emissions by 2050 or sooner. In-line with our commitment as a signatory, we have published our initial Target Disclosure, which is available [online](#).

Please refer to Principle 10 for more information on how we engage with industry associations and trade bodies on matters relating to the functioning of financial markets.

Identifying and Responding to Market-wide and Systemic Risks

As outlined above, we operate a robust risk management framework to proactively identify and respond to risk on a rolling quarterly basis. Our process incorporates the consideration of all risks relevant to our investors’ portfolios, including Market-Wide and Systemic Risks caused by macroeconomic, political and ESG factors.

Our quarterly risk reports are rewritten in full at the end of the second and fourth quarters of each year. This includes an overarching Investment Risk Committee (IRC) review and detailed fund risk reports for each fund. At the end of the first and third quarters, we undertake a review of the IRC review document and existing fund reports from the preceding quarter. ESG risk reporting is completed on an annual basis, at the end of the third quarter.

Within previous editions of our Stewardship Report, we have extensively detailed our ad hoc responses to the exceptional, elevated Market-Wide and Systemic risks experienced during especially volatile periods in 2022 and 2023. During these periods, we saw extreme levels of uncertainty in commercial

property markets evidenced by the fastest repricing of market yields in recorded history, and the subsequent rapid fall in prices due to high levels of uncertainty and low levels of liquidity.

In 2024, we returned to relatively calmer market conditions from a macroeconomic risk perspective with reduced Market-wide risks for our investors compared to previous years. We therefore returned to a more regular risk management approach in adherence with our comprehensive and well-established risk management framework. We have therefore provided the following commentary to explain some of the main Market-Wide and Systemic Risks that played out during the 2024 period.

2024: A Cautious Return to Positive Momentum

Positive momentum returned to the UK real estate market in 2024 alongside a more optimistic economic outlook in the first half of the year, meaning overall market risk was perceived to have fallen in comparison to previous years. Capital values increased in Q3 2024 due to positive rental growth and signs that yields had stabilised at the all-property level.

However, Q3 2024 economic data also suggested a slowing of momentum over the summer. Improvements in business and consumer confidence during July had reversed by the end of the third quarter due to weaker GDP growth, and concerns about the UK Government’s October Budget. Domestically, political risks were considered relatively low in comparison with recent years. However, the impact of the budget on businesses and consumers was monitored in relation to its potentially negative impact on occupational markets and therefore, prospects for income and rental growth.

Following the budget, forward-looking GDP expectations for the next five years remained muted with the state expected to play a bigger role in the economy at the expense of consumers and businesses. The budget also led to expectations of increased short-term inflation, implying slower interest rate cuts than previously anticipated. Gilt yields rose in response to increased borrowing, but not to the same degree as seen in late-2022.

Real estate yields continued to stabilise at an all-property level through to the end of 2024, implying positive capital growth in 2025 given rental growth expectations. However, while rental growth prospects remain robust, market risk was assessed to have increased at year-end due to the rise in

the risk-free rate and challenging conditions facing businesses given the weaker economic backdrop and rising wage and tax burden following October's Budget.

By the conclusion of 2024, economic growth had slowed, and the outlook for growth remained modest. Risks remain skewed to the downside given evolving external geopolitical conditions and the potential that fiscal policy will be tighter than anticipated. Inflation is expected to remain volatile resulting in a more gradual loosening of monetary policy. Yields may adjust further if gilt yields persist at elevated levels and more challenging business conditions driven by muted economic growth, rising wages, and an increased tax burden could restrain the occupational market, dampening rental growth prospects. We have already seen these risks rise in the first three months of 2025. We note that market risk varies considerably between assets and sectors. In the medium-term, we continue to expect a higher inflation and interest rate environment to persist.

Impacts of a higher interest rate environment

The previous two years have brought momentous change to the real estate investment landscape, fundamentally altering investors' perceptions of UK property as an asset class. Traditionally, real estate has been seen as a bond proxy, offering steady and secure income streams, with property values largely priced in relation to the gilt yield. Over the past 40 years, the risk premium for real estate has typically been priced at approximately 230 bps above gilts. However, following the events of 2022 and 2023, gilt yields have risen to approximately 4.5% (as of end-February 2025), leading investors to demand higher yields from property to maintain the long-term premium over gilts. This shift in the market, driven by a higher interest rate environment, has led to property no longer being considered such a compelling proxy for bonds. In this new higher interest rate environment – spurred by recent market volatility and higher inflation – real estate investment managers are now expected to deliver higher returns to meet the changing expectations of investors. This shift has led to a number of significant considerations that we must consider when identifying and responding to Market-wide risk within the UK property market:

1. Investor types are changing

Since H1 2023, historically-passive real estate investors – such as corporate defined benefit (DB) pension schemes – have reduced their exposure to property investment as higher gilt yields have provided the opportunity to de-risk and cap their

liabilities. Investors replacing passive holders of property seek higher income returns to justify investment into real estate. Therefore, investment managers are expected to attain enhanced, risk-adjusted returns to satisfy investors' needs. Responsible stewards of client capital must be able to capably manage heightened risk within investor portfolios to drive the required returns.

Please refer to the Case Study within Principle 6 for an example of how we are continuing to execute on our clients' desires to deploy capital during periods of heightened investment risk.

2. Active Management for Higher Returns

In the face of a weaker economic outlook (due to increasing interest rates to control inflation), investors are paying more attention to property characteristics. Factors such as the structural oversupply of office space, the rise of hybrid working, and escalating regulation regarding EPC standards mean that real estate investors are having to focus on the highest quality office assets to ensure demand. In addition to acquiring high quality assets, managers of real estate are also having to concentrate on maximising the physical attributes of buildings. Higher income returns can be derived through “active” asset management enhancements such as refurbishment, redevelopment and lease renegotiations with tenants – skillsets that are becoming increasingly important to grow AUM and service client requirements.

Please refer to the Case Study within Principle 9 for a detailed example of how we apply “active” asset management to future-proof assets for our investors.

3. Growth of “Alternative” Sectors

The combined effects of higher interest rates and long-term structural trends mean that large parts of the traditional property universe, such as office markets and high street retail, no longer appear attractive to investors. Alternative sectors (such as healthcare, hotels, residential and self-storage) are becoming a larger proportion of institutional portfolios, while sectors such as logistics/industrial are no longer considered niche and continue to grow. Investment managers are having to undertake a more “active” style of portfolio management – aligned to long-term structural trends – often in non-traditional asset classes to secure resilient sources of incomes for investors.

Please refer to Principle 11 for an overview of how we are innovatively achieving exposure to alternative real estate sectors for our investors.

4. Rise of Operational Real Estate

Investors seeking innovative ways to maximise value, mitigate risk and hedge inflation are increasingly investing into Operational Real Estate (OpRE) sectors – defined as investments not subject to traditional lease models but structured to benefit from the revenue generated from the operational performance (profit) of the underlying operator or occupant. OpRE investments typically entail a different risk-return profile compared to traditional leased investments, and are capable of achieving higher cash-flow distributions. Increasing operational exposure is being observed across real estate sectors, including the traditional sectors of office, retail and logistics, with trends such as the “hotelification” of offices (to provide fully serviced accommodation on flexible contracts), the growth of specialist living sectors, and “pop-up” stores and turnover rents in the retail space. Managers of OpRE investments are having to adapt to higher participation in terms of time, resources, market knowledge and monitoring operational/corporate risk in addition to traditional real estate risk factors.

Please refer to Principle 11 for an overview of how we are building Operational Real Estate investment experience and capabilities for our investors.

Ongoing Climate Risk

As outlined later in this report (Principle 7), we have a robust and comprehensive ESG strategy that ensures continual improvement of our ESG performance and enshrines our business commitments to addressing the impacts and risks posed by climate change.

Swiss Life AM UK risk assessment processes related to ESG and Climate Risk include:

- > Net zero carbon assessments for new acquisitions
- > Net zero carbon audits of standing investments
- > Decarbonisation pathway analysis of the standing investment portfolio
- > ESG data collection
- > Climate risk assessments as part of standard acquisition due diligence process
- > Flood risk assessments for all standing assets against our recently enhanced Swiss Life AM UK Flood Risk Policy
- > Climate Risk modelling of physical and transition risk to Swiss Life AM UK's standing investment portfolio
- > Climate risk assessments within quarterly risk review

Please refer to Principle 7 for a detailed summary of outcomes and improvement initiatives relating to how we address climate risk within our investment portfolios.

Assessing How We Identify & Respond to Risks

Swiss Life AM UK's risk management procedures are documented in our Risk Management Framework (which is continuously reviewed on an ongoing basis). At the forefront of our procedures is the ability to ensure that any inherent portfolio risk is aligned with the fund's objective and the specific risk tolerance agreed with the underlying client. Our reporting provides a holistic view of the performance drivers within our portfolios and allows us to identify areas of elevated risk and agree the measures required to mitigate these. We work on the basis of a “no surprises” approach to client reporting.

On the whole, we feel that we capably evidenced our ability to mitigate market-wide and systematic risk in 2024, within a more volatile macroeconomic backdrop. Periods of heightened uncertainty and volatility tests our risk management processes. As evidenced, our risk reporting and risk monitoring framework is fit for purpose, identifying areas of vulnerability across our portfolios and enabling the agreement and implementation of comprehensive risk mitigation measures to achieve strong results for our clients. Further, we continue our efforts to mitigate risks associated with climate risk, the changing profile of investors into real estate, and the nature of investment opportunities within our sector – all through our thematic approach to portfolio positioning, and the increasing number of asset-level initiatives that we are advancing to address risk within our portfolios. ●

Please refer to Principle 5 for further information on how we review and assure the effectiveness of our risk management policies and processes.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Review of Policies & Processes

Policy Review

Swiss Life AM UK reviewed all its policies during 2024 in accordance with our commitment to continuous improvement. All policies and procedures are reviewed at least annually in alignment with the Principles of the Stewardship Code.

The most notable changes to policies and procedures during the year were in connection with the implementation of the FCA's Sustainability Disclosure Requirements. See Case Study 1 (*adjacent*).

In 2024, we also introduced Maternity Leave and Returner checklists to support employees taking maternity/parental leave. This helps ensure a smooth transition for their time away and their return to work. Establishing a clear process for employee return helps to reduce stress and allows employees to focus on their key responsibilities at home.

Internal & External Assurance

Swiss Life AM UK has implemented a series of internal and external processes to gain assurance. Activities carried out for the 2024 period are summarised as follows:

Internal Assurance

The Board and the Executive Committee are jointly responsible for the oversight and accountability for effective stewardship within Swiss Life AM UK. This approach has

been chosen to ensure that stewardship is at the heart of decision making both strategically (at Board-level) and operationally (at Executive Committee-level).

The Executive Committee comprises Swiss Life AM UK's CEO, CIO, Finance Director, and Head of Research, Strategy and Risk and it meets weekly. Stewardship is a standing agenda item for these meetings. Priorities are set by this committee, and activities are monitored on an ongoing weekly basis. Reports are provided to the UK Executive Board on a quarterly basis. In 2024 Board meetings were held in March, April, July, September and December.

Swiss Life AM UK has an internal Compliance function headed by the Head of Legal & Compliance, who also acts as the Firm's Compliance Officer and Money Laundering Reporting Officer. As a wholly owned subsidiary of the Swiss Life group, Swiss Life AM UK is also subject to ongoing oversight by the Swiss Life Asset Managers Compliance function. In 2024 the Firm conducted a comprehensive review of policies in force within the Swiss Life group to ensure that all applicable policies were being followed in the UK. See Case Study 2 (*adjacent*).

Swiss Life AM UK is additionally subject to ongoing oversight by the Swiss Life Internal Audit function. An internal audit review of Swiss Life AM UK was conducted in October-November 2024 to assess the adequacy and effectiveness of governance, processes and controls over Know Your Customer (KYC) documentation, customer categorisation and acceptance, as well as screening of

customer and other business relationships. Findings from the review highlighted that some of the data held in Salesforce was incomplete. Processes have been improved to ensure high quality data is maintained on our systems.

External Assurance

During 2024, we consulted with the following external parties in order to obtain assurance:

- > ACA Compliance (Europe) Limited – *compliance consultants*
- > EVORA Global – *ESG consultants*
- > Association of Real Estate Funds (AREF) – *industry body*

As outlined within Principle 2, our UK direct property team and Head of ESG, UK continue to work with EVORA Global on matters relating to ongoing advice and guidance. Fund

and property environmental performance data submitted to GRESB for peer group assessment is externally assured by EVORA Global to the AA1000AS Assurance standard annually.

ACA Compliance (Europe) Limited have been retained to conduct quarterly compliance monitoring of Swiss Life AM UK's compliance function and to provide advice and guidance on regulatory topics. In particular, ACA helped us to implement the new Sustainability Disclosures Requirements (see case study below). In terms of ongoing assurance, ACA carried out four quarterly compliance monitoring reviews in respect of the year under review. On completion of each of their reviews, ACA write a report to the UK Executive Board. None of the reviews identified any material adverse findings. ●

Case Study 1

Implementation of new Sustainability Disclosure Requirements (SDR)

We reported last year that we would be in scope of the new UK SDR regulations. With advice from external legal counsel and ACA Compliance (Europe) Limited, we completed the implementation of the anti-greenwashing provisions in May 2024 and the naming and marketing provisions in November 2024.

As part of the implementation plan, the process for approving financial promotions was enhanced. Specific approval is now required from the UK Head of ESG to ensure that all statements related to ESG are fair, clear and not misleading; are consistent with the characteristics of the product; and can be supported and verified.

The Firm's Compliance Manual was updated accordingly, and mandatory anti-greenwashing training was provided to all staff..

Case Study 2

Comprehensive review of Swiss Life policies

As a major insurance company with a large asset management division, the Swiss Life group has approximately 150 policies in place, ranging from directives, instructions and guidelines. Not all of these are relevant to Swiss Life AM UK, however, during 2024 a comprehensive review took place to ensure that all relevant policies are being followed in the UK.

The project involved extensive collaboration across the firm and was co-ordinated by a project team comprising the Head of Research, Strategy and Risk; the Head of Operations and HR; and the Head of Legal and Compliance.

The review highlighted a small number of gaps, which were discussed with both the divisional Head of Legal and Compliance in Switzerland and with the firm's Executive Committee. Modifications were made to our existing policies and processes to ensure full compliance with all applicable Swiss Life policies.

The process to ensure ongoing compliance has been enhanced by the implementation of a portal and automated notifications of changes, with a requirement for each unit within Swiss Life Asset Managers to review and confirm compliance.

6

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

Our Client Base

Swiss Life AM UK Assets under Management (AUM) totalled £2.0 billion as at 31st December 2024, comprising 163 direct property assets. Of this, our client base predominantly comprises Asset Management companies, Charity investors, Institutional investors (Pension Funds / Life Insurers) and a UK Family Office (see Graph 6.1 adjacent).

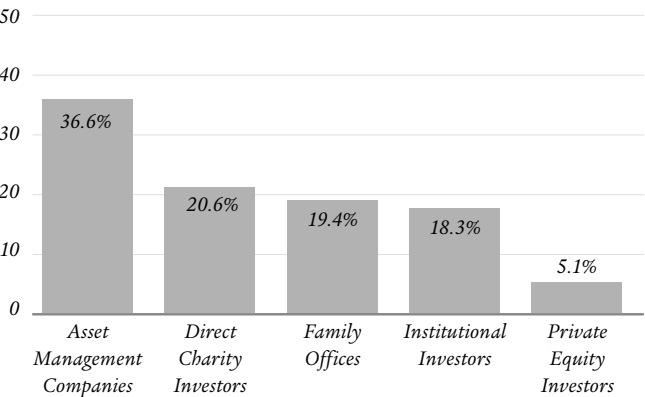
We manage segregated discretionary and advisory mandates for a small number of clients including Schroders, Jupiter Asset Management, Bart’s Charity, Christ’s Hospital Foundation and a UK Family Office.

We also manage UK pooled funds, including the open-ended Property Income Trust for Charities (PITCH), a core income focused strategy; and the Thematic Growth Fund (TGF), a closed-end fund with a core-plus/value-add strategy.

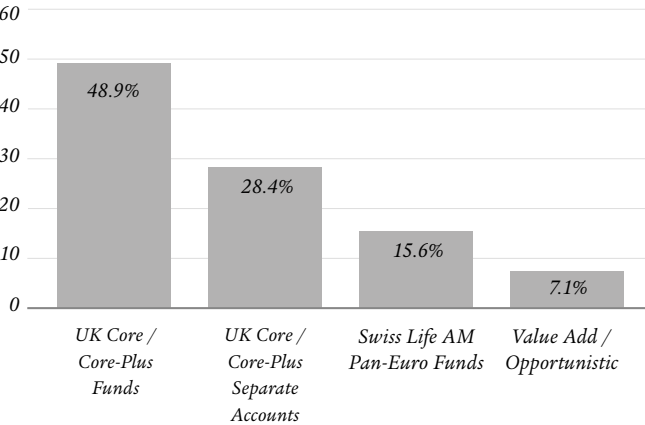
We partner with Ares Management Real Estate Secondaries funds who invest in our portfolio of direct-let self-storage assets operating under the brand name The Storage Team, which comprises thirteen assets clustered around under-served regional locations across England.

We also manage nine assets on behalf of five Swiss Life Asset Managers Funds – three pan-European Diversified strategies, one pan-European Residential strategy, and one pan-European Healthcare strategy.

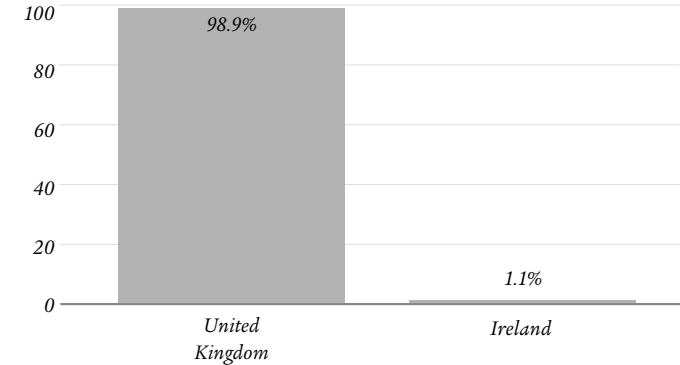
Graph 6.1 – UK AUM by Investor Type



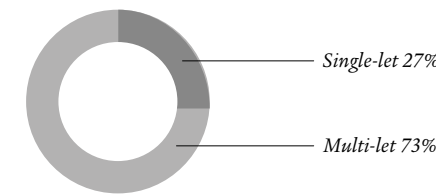
Graph 6.2 – UK AUM by Client Risk Strategy



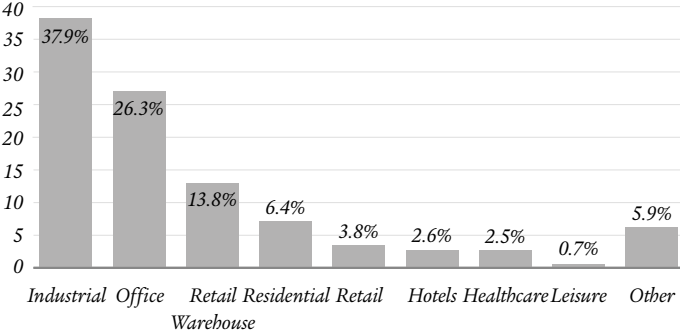
Graph 6.3 – UK AUM by Property Location



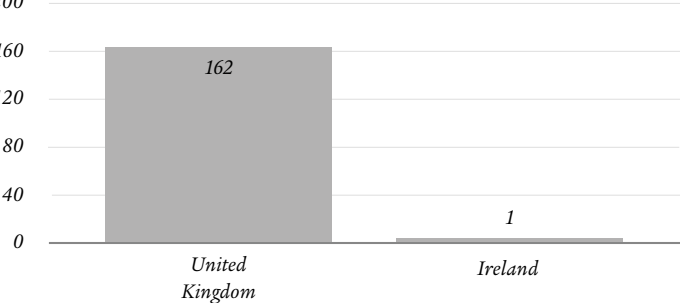
Graph 6.4 – UK AUM by Lease Type



Graph 6.5 – UK AUM by Property Sector



Graph 6.6 – UK Assets by Property Location



Client Communication

Investor communication is a key component of our investment process. Clear, informative communication is fundamental to our commitment to engender trust and develop long-term strategic partnerships with our clients. We operate a “no surprises” approach to client reporting. Our client communication generally comprises meetings, written reports and verbal communication via calls and face-to-face meetings (in-person or online).

Meetings

We propose open communication, and meetings are arranged by the core client team as frequently as is required. They provide an inclusive forum to encourage and facilitate productive two-way dialogue. Typical meetings include:

- > Annual Strategy Meeting to understand client objectives, the requirements of key stakeholders and drivers of overall client strategy
- > Annual ESG Strategy Review incorporating review and planning of all proposed sustainability initiatives including budget considerations.
- > Quarterly meetings to report on the market, portfolio activity, performance and attribution analysis, risk metrics, sustainability and financials
- > Trustee and Investment Committee meetings and presentations, as required
- > Investment Consultant fund reviews (acting on behalf of other investors), as required
- > Meetings on transaction opportunities and pipeline, as required
- > Trustee training, as required
- > On-site meetings as required for existing assets and potential purchases
- > Client relationship “check-in” at least annually to assess level of satisfaction with the service and address areas of improvement

It is important to create a structure of communication where clear and swift decisions are made to allow us to operate efficiently and in the best interest of our clients. To develop trust, particularly at the beginning of a mandate, we encourage regular face-to-face meetings, including joint property visits and reviews where appropriate. We advocate a team approach built on transparency and clear communication. Where possible, all client visits are undertaken by public transport to minimise our carbon footprint. We also use tried-and-tested online meeting technology, subject to client preferences.

Reporting

We provide the following regular reporting during the ordinary course of operating a real estate investment management mandate:

- > Annual presentation of our House View and Thematic Strategies and how we intend to implement them
- > Annual presentation of the Investment Plan. Key strategic objectives are identified, including a review of the asset business plans and “hold/sell” analysis for each property, plus target investments
- > Annual MSCI Portfolio Analysis Service (PAS) / Benchmark reports
- > Annual GRESB benchmark reporting, incorporating fund and property environmental performance data submitted to GRESB for peer group assessment
- > Semi-annual risk reports undertaken, which are incorporated into quarterly reports
- > Quarterly consolidated portfolio accounts including capital values
- > Quarterly Client Portfolio Management Reports, including the following information:
 - Market outlook
 - Portfolio performance and attribution
 - Transaction activity - deal pipeline
 - Transaction activity - potential sales
 - Asset management Business Plans update
 - ESG reporting
 - Key portfolio risk metrics

- > Transaction Recommendation Reports for transactions put forward to the IRC
- > Ad-hoc reporting (e.g. market updates, recent legislation, Budget summary, etc.)

We also provide annual summary reports (including activity and financial highlights) for bespoke client purposes as required, such as websites, Annual Reports, Audits, Corporate Social Responsibility (CSR) or ESG/RI reporting.

Aligning With Our Clients’ Stewardship Approaches/Policies

Given the diversity of our client base, we observe a range of expectations regarding alignment on stewardship. All of our clients are unique, and we respect that each is navigating their own journey in relation to stewardship and responsible investment. As a responsible investor, we recognise the opportunity to take a flexible approach. Where we can lead engagement with clients, we will, particularly in situations when our expectations of stewardship might surpass theirs. At other times, close engagement is required to align mutual stewardship policies to achieve a complementary approach. We embrace both approaches across our client portfolios.

For our pooled core mandates, we lead the responsible investment approach, whilst simultaneously listening to the individual needs of our investors. Swiss Life AM UK’s PITCH fund invests on behalf of an underlying client base of c.1,000 UK charity investors. PITCH has followed formal ethical and environmental management policies since launching in 2004 – well in advance of peer funds. A considerable proportion of PITCH’s AUM is allocated through third-party Investment Managers. Aligning our stewardship approach with these key “client aggregators” is of fundamental importance to the sustainable growth of our business in future. We regularly respond to ESG Due Diligence Questionnaires (DDQs) from investment consultants and charity investors. DDQs, and any feedback received from completing them, afford us an opportunity to review our stewardship approach in relation to ongoing investor expectations.

For our separate account / single mandate clients, we often directly engage at least 1-2 times per year to understand their evolving requirements on ESG and stewardship. For these investors, we make proactive and forward-looking

Investment Reporting

Reporting Calendar

☒ House views & thematic strategies (6 monthly)

☒ Investment plan (6 monthly)

☒ Investment management reports (Quarterly)

☒ Transaction reports (Ad-hoc)

☒ Financial reports (Quarterly)

Quarterly Investment Management Reports

☒ Market outlook

☒ Portfolio performance and attribution

☒ Transaction activity

☒ Asset management

☒ ESG performance

☒ Key portfolio risk metrics

recommendations aligned to market best practice. Simple measures now – such as the implementation of data collection platforms –make it significantly easier for clients to make fast advancements on stewardship as their ambitions evolve.

In all cases, we firmly believe that deep, constructive engagement is the only way to identify our clients’ expectations in relation to stewardship (as well as promote the benefits of a progressive approach). Many of our clients are advanced in their requirements and we engaged deeply with them on stewardship alignment in 2024.

Incorporating Client Feedback to Enhance Our Stewardship Approach

Client feedback is always considered when we seek to make enhancements to our stewardship approach. In the past, such feedback has ranged from informal recommendations (such as endorsements of reputable ESG advisors and third-party service providers) to more formal requests relating to new and increasing client requirements.

As part of our yearly strategic planning and reporting process, we present our clients with a full-year update on matters relating to ESG, sustainability and climate risk. This process incorporates performance measurement of the prior year’s objectives, the calculation of spend against budget, and the establishing of a new ESG budget for the year ahead. As part of annual planning, we submit new proposals to clients for their review and feedback, always striving to achieve alignment. We engage clients half-yearly to communicate and update on progress.

Over the past few years, we have witnessed increased engagement on matters such as asset decarbonisation, operational environmental data coverage (including 100% whole building coverage by end 2025), tangible and meaningful physical interventions at the property level (e.g. installation of solar PVs), and the provision of social data relating to employee Diversity & Inclusion and community engagement programmes. Planning for and responding to client requirements is a rolling process that we implement on a continuous basis. This illustrates our desire to integrate client feedback into the enhancement of our stewardship activities – both for specific clients as well as for our wider business. As a positive reflection of our stewardship approach, we are increasingly finding that topics raised by clients are matters that we are already investigating or implementing in other areas of our business.

“The Resilient Income portfolio is doing exactly what we all intended.”
— UK Family Office Client

Assessing our Effectiveness at Understanding Clients' Needs

Above all else, we look to client satisfaction and investment performance as key metrics of whether we are understanding our clients' needs and meeting their expectations. Our focused approach is centred on offering a personalised service to our investors, which requires us to meet directly with them. We solicit direct, unfiltered feedback from senior leadership on a regular basis to ensure that we are meeting our clients' needs. We encourage two-way dialogue at all times, and keep our clients fully informed on key initiatives related to performance such as rent collection and asset management.

We employ both quantitative and qualitative internal controls to account for our clients' needs and ensure the effectiveness of our processes. Quantitative controls form the basis of how we measure client performance. Many of our mandates adopt explicit benchmarks, which are independently verified and monitored on a continuous basis. For example, one of our mandates targets outperformance of the MSCI AREF UK Quarterly Property Fund Index (UK All Balanced Property). Relative performance is measured quarterly and reported directly to our client.

Quantitative controls can also be adapted to our clients' evolving needs throughout the lifetime of a mandate, whether in response to changing market conditions or our clients' risk/return requirements. In the case of this mandate, quantitative performance controls previously included an income return requirement, which was subsequently deprioritized at our clients' request to focus on total return.

On a qualitative basis, we rely on direct feedback to inform internal controls related to client needs and satisfaction. We typically seek feedback on matters such as mandate resourcing, communication levels, reporting standards and bespoke requirements. Client feedback is incredibly important to us. One of our most important qualitative internal controls involves meeting with every client at least once a year to obtain feedback on service levels and to identify areas of improvement. The feedback is formally presented to the UK Executive Committee and action plans put in place to make any necessary improvements.

“We have been investors in the PITCH fund for many years. Not only have returns met or exceeded our expectations over that time period, but we have also continually been impressed with the proactivity and professionalism of the team in strategy, capital deployment, and in reporting with complete transparency to investors.”

— UK Charity Investor

For our largest pooled investment fund, PITCH, we engage with our c.1,000 UK charity investors regularly through quarterly performance updates, online webinar briefings and consistent communication, which includes the offer to all direct investors for an annual in-person Fund update. We conduct meetings with each individual director charity/endowment investor, tailoring the agenda for each meeting according to their needs.

We also regularly organise smaller, bespoke “Trustee Training” events. Comprising 6-8 charity organisations at a time, these events are facilitated as roundtable discussions on themes relevant to charity investors such as regulatory changes, investment trends and ESG considerations. Typical attendees include the Finance Directors, Executives and Trustees of charities/endowments, with agendas comprising a range of educational topics to promote information-sharing and understanding of best practice. Our Trustee roundtables took place in March, April, October and November 2024.

We are well aware of the ever-increasing needs and expectations of our investors, with organisational culture, diversity and inclusion, net zero ambitions and social value emerging as key themes for engagement in 2024 and beyond. We are committed to further engagement with all of our clients in the future to continuously update our understanding of their evolving needs. ●

Case Study

Responding to new client deployment requirements for a UK Family Office

Overview

As detailed within Principle 6, we manage segregated discretionary and advisory mandates for a small number of clients including a UK Family Office.

At the conclusion of 2023, our UK Family Office client communicated a desire to grow their existing advisory mandate by committing c.£140m of new capital for further investment into UK real estate. In order to respond to our client's updated requirements, we led an intensive programme of transaction sourcing, selection and execution in the first eight months of 2024 to acquire a variety of assets aligned with our thematic investment approach, which directs investment to assets most likely to benefit from income resilience and growth, driven by long-term tenant demand due to modern specifications, highly connected locations, and excellent ESG credentials indicating good levels of energy efficiency.

For reference, our client's investment objective is to build a diversified UK income-focused real estate portfolio targeting a portfolio income yield on cost of 5.25% per annum with portfolio performance benchmarked against the MSCI Quarterly Universe.

Background & Performance

Our client's portfolio has been constructed by us over the last seven years – from a preliminary portfolio value of £22.9m in June 2018 to £369.1m as at 31st December 2024. We have achieved 100% of our client's targeted deployment goals since inception through patient deployment of capital and highly disciplined portfolio construction.

The portfolio's strategy and investment plan – which follows our Swiss Life AM UK thematic investment approach – has delivered relative outperformance by targeting high quality industrial assets, food stores and discount retail warehousing, and a low exposure to offices.

The portfolio's structure and higher income return (with close to 100% rent collection since inception in 2018, including the Covid pandemic period) have been the main positive drivers of long-term outperformance relative to the benchmark. This demonstrates the strength of our thematic investment approach at a time of highly polarised property market sector performance driven by structural change.

Notwithstanding the impact of non-recoverable acquisition costs, the portfolio has outperformed the benchmark over all time periods (12 months, 3 years, 5 years) to 31st December 2024, apart from the longest series (6.5 years since inception) due to a high level of acquisitions (six) in its first year. The portfolio's total return (excluding non-recoverable acquisition costs) has materially outperformed the benchmark over all time periods to 31st December 2024, further demonstrating the strength of our investment approach.

Responding to our Clients' Evolving Needs

The period spanning Q4 2022 to H1 2023 delivered momentous change for the real estate investment industry. During these periods, we saw extreme levels of uncertainty in commercial property markets evidenced by the fastest repricing of market yields in recorded history, and the subsequent rapid fall in prices due to high levels of uncertainty and low levels of liquidity. In 2023, we witnessed many of these factors play out within property markets in the form of asset valuation falls driven by interest rates and softer capital markets activity.

In our last Stewardship Report, we illustrated our ability to successfully deploy £100m+ on behalf of our UK Family Office client within the first six months of 2023 – acquiring five compelling assets with minimal competition – despite the extreme market volatility witnessed over the 18 months to June 2023. The effectiveness of our risk management processes to proactively mitigate client risk gave us the confidence to resume investment on behalf of our investor in H1 2023 earlier than most other market participants.

Market sentiment remained relatively subdued at the end of 2023, with ongoing high levels of uncertainty and low levels of liquidity influenced by persistent international geopolitical risk related to global elections (including UK and US), tensions between the US and China, the conflict in Ukraine, and conflict in the middle east. Nonetheless, our robust and effective risk management processes again gave us confidence to invest on our client's behalf sooner than other market participants.

Engagement, Reporting & Due Diligence Processes

Engagement with our client initially focused on communicating our views on investment sentiment, current activity and market timing. We provided extensive risk-oriented evidence to support our rationale for a resumption of transactional activity from the outset of

2024. We also initiated intensive and in-depth pipeline reporting to continuously inform our client of our sourcing activities. We upheld our standard, disciplined processes for the sourcing, allocation and approval of all new acquisitions and the undertaking of due diligence. Sustainability and climate risk assessments were undertaken for all acquisition processes. Every new purchase was screened to assess for future potential stranding risk, as well as to establish clear views on cost requirements to achieve net zero carbon.

Summary of Transaction Activity

As a result of our increased client engagement and transactional activities, we successfully invested c.£140m on our client’s behalf within the first eight months of 2024, acquiring seven attractive industrial and retail warehouse assets across the South East, South West, Midlands, Yorkshire and Scotland. The assets were purchased from seven different counterparties.

Chadwell Heath – Grove Farm Retail Park (January 2024)

A prominent food-anchored retail park in a well-connected, suburban East London location benefitting from the recent arrival of the Elizabeth line and limited retail warehousing competition. Resilient income profile derived from an attractive tenant mix (including Home Bargains, Lidl and KFC), a positive trading history, and longer-term alternative-use potential.

Gosport – Brockhurst Gate Retail Park (March 2024)

Located in Hampshire (three miles west of Portsmouth), within the most densely populated conurbation of South East England outside London with a total population of 1.5 million people. Well-diversified tenant base of eight different occupiers on separate leases with a weighted average unexpired lease term of 12.3 years to expiry, and 9.0 years to break. Resilient income underpinned by discount and food led retail tenant mix, and strong trading history.

Avonmouth – Supercharger (April 2024)

A highly specified freehold industrial warehouse located in Sevenside, Bristol – an established logistics and distribution hub benefiting from excellent labour supply with the largest proportion of highly qualified workers in the UK outside of London. Constructed in 2022, the property was acquired with an EPC rating of A and a BREEAM development certificate of Very Good. Leased off a low rent with reversionary potential underpinned by inflation-linked rent reviews.

Avonmouth – Gregory Distribution (June 2024)

A highly specified freehold industrial warehouse similarly located in Severnside, Bristol (the prime location in the South West for distribution). Modern and highly specified mid-box warehouse leased to a single tenant off a reversionary rent – one of the largest privately-owned transport companies in the UK.

Tamworth – Ventura Retail Park (August 2024)

A modern, freehold and majority food-anchored retail park comprising three purpose-built retail units and a standalone drive-thru on two separate sites. Located in the West Midlands, 18 miles north east of Birmingham, the asset sits within Ventura Retail Park, which is known as being one of the best performing retail warehousing schemes in the UK with Home Bargains, Aldi, Costa and M&S as tenants.

Glasgow – Belgrave Logistics Park (August 2024)

Prime, highly specified new-build industrial warehouse in an established Scottish central belt location providing a good labour supply and excellent motorway connectivity. Five units lease off low rents, with positive rental growth prospects driven by low levels of competition, a limited development pipeline, and robust levels of occupational demand. EPCs rated A and A+ and BREEAM Excellent.

Barnsley – Ashroyd Business Park (August 2024)

Located in South Yorkshire, approximately 15 miles north of Sheffield, the asset comprises five modern industrial warehouses constructed in 2020, with secure fenced yards and ancillary office accommodation. Acquired with a strong income profile and lease off low rents and with favourable lease terms to capture in built reversion over the business plan. Modern specification with good ESG credentials (EPCs rated A and BREEAM Very Good).

Conclusion

We successfully grew our client’s portfolio to an overall portfolio value of £369.1m as at 31st December 2024, realising their deployment ambitions and maintaining our track record of satisfying 100% of their investment requirements.

Further, positive momentum returned to the UK real estate market during the course of H1 2024 alongside a more optimistic economic outlook, signalling overall market risk was perceived to be falling compared to previous years. Capital values consequently increased in Q3 2024 due to positive rental growth and signs that yields had stabilised at the all-property level. As a result, our client’s assets benefited from valuation increases (which helped to offset non-recoverable acquisition costs), confirming our ability to deploy capital at a time when other investors still lacked confidence.

This case study illustrates our collaborative approach to managing client relationships, and our ability to see through market volatility by taking a long-term view. By remaining responsive to our clients’ needs – including through increased engagement, reporting requirements and transactional activity – we continue to achieve strong and sustainable investment results on their behalf.



Gosport – Brockhurst Gate Retail Park



Chadwell Heath – Grove Farm Retail Park



Avonmouth – Supercharger



Avonmouth – Gregory Distribution



Tamworth – Ventura Retail Park



Glasgow – Belgrave Logistics Park



Barnsley – Ashroyd Business Park

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities



M&S - Southgate, UK

Overview

We regard Responsible Property Investment (RPI) as a core part of our management approach and define it as the consideration of environmental, social and governance (ESG) issues within our investment process and operations.

We integrate ESG criteria, as well as risk factors and financial metrics, into a controlled and structured investment process. We ensure prudent investment selection, specification for development and refurbishments and management of the buildings under our care. We believe this generates long-term risk-adjusted returns, supports climate change mitigation, and aligns our investment goals to those of our investors and stakeholders.

We have established a comprehensive ESG strategy that ensures continual improvement of our ESG performance and enshrines our commitments as a business. We monitor performance against our ESG strategy KPIs on a half-yearly basis. We have implemented processes to limit our environmental impact and contribute positively to the communities in which we invest. We intend to make continual improvements in the coming years.

For further information on Swiss Life AM UK's approach to Responsible Property Investment, a copy of our Responsible Investment Policy is available on our [website](#).

Responsible Investment Policy

Governance

Our responsible investment approach aims at integrating sustainability considerations in all core processes across all business units and functions. To govern the relevant decision-making, Swiss Life Asset Managers' ESG Board (ESG Board) has been established. The ESG Board owns Swiss Life Asset Managers' ESG vision, mission, and strategy. It is the decision-making body for major strategic initiatives and all asset class-overarching decisions in the area of sustainability integration in asset management.

The Swiss Life AM UK Executive Committee is responsible for execution of the objectives outlined in our Responsible Investment Policy for the UK business. Practical implementation is directed by the Head of UK ESG, Christi Vosloo. Swiss Life AM UK endeavours to inform and support all employees and key stakeholders in their responsibilities towards meeting these commitments.

Policy Overview

Our Swiss Life Asset Managers Responsible Investment Policy defines the approach that the company uses towards responsible investment across its asset classes and product categories. More specifically, the policy includes various layers of strategies that operationalise in practice the sustainability priorities we set both at the company and product levels, while also ensuring that our practices align with regulatory requirements and the most recent market developments in sustainable finance.

As a primary, fundamental layer, Swiss Life Asset Managers routinely assesses sustainability-related risks as a part of our integrated risk management framework, thereby serving our fiduciary duty. Building on the fundamental layer, additional layers of our responsible investment strategies include exclusions, sustainability/ESG objectives and active stewardship, whose implementation depends on the asset class and product in question.

Further information can be found in our Swiss Life Asset Managers [Responsible Investment Policy](#).

Maximising ESG Credentials at the Property Level

Processes, Policies & Procedures

We are committed to using our influence where possible to improve sustainability of the built environment. We achieve this through careful asset selection, development specification, asset refurbishment and diligent integration of ESG considerations into all business processes.

We carefully select investments through our rigorous ESG acquisition screening process and look to maximise asset value through refurbishment and the implementation of ESG initiatives. There is increasing recognition of the 'value' of ESG through growing evidence of enhanced rents, reduced void periods, and increased leasing velocity. Many ESG initiatives are not only a cost but provide a return through reduced consumption and running costs or provide an additional income stream (e.g. solar panels).

When we refurbish assets, we aim for best practice energy efficiency, carbon reduction, and health and wellbeing measures. We improve lighting, remove gas supplies, install on-site renewable energy, and incorporate wellbeing features such as cycle stores, showers and biophilia. We also encourage use of sustainable materials and practices during refurbishment.

Our proprietary Swiss Life AM UK Sustainable Development and Refurbishment Guide includes detailed ESG principles governing all refurbishment activities. ESG Acquisition Checklists are completed for all new acquisitions, and Responsible Investment procedures are incorporated throughout our asset management and reporting processes. These procedures extend (but are not limited) to:

- > ESG Asset Logbooks
- > Green Lease implementation
- > Swiss Life AM UK Sustainable Development and Refurbishment Guide
- > Swiss Life AM UK Supplier Code of Conduct
- > Swiss Life AM UK Supplier Sustainability Questionnaire
- > Swiss Life AM UK Property Manager Sustainability Standards & Guidance
- > Swiss Life AM UK Sustainable Fit-out Guide

All these policies and procedures require committed engagement with our stakeholders, including tenants, property managers, suppliers, lawyers and other third-party

service providers. We work closely with EVORA Global and other expert ESG advisors (selected on a project-by-project basis) to continually improve our processes and ensure best practice in our responsible investment activities.

Decarbonisation Analysis

Swiss Life AM UK is focused on building climate resilience, and as a result, a priority focus area has been developing and monitoring a robust pathway to net zero carbon. We have a duty to take practical steps to decarbonise, future-proof and maintain the value of the real estate portfolios under our care. By ensuring we have a clear understanding of our pathway to net zero, we will be able to prioritise effectively, plan carefully, and use all the decarbonisation levers available to us to make better-informed investment decisions.

Swiss Life Asset Managers has committed to reduce the carbon intensity ($\text{kgCO}_2\text{e}/\text{m}^2$) of the direct real estate portfolio by 20% by 2030, in line with the aims of the Paris Agreement. In May 2022, we became signatories of the Net Zero Asset Managers Initiative (NZAMi), reinforcing our commitment to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner for the direct real estate portfolio, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investment aligned with net zero emissions by 2050 or sooner.

In 2021, we developed our decarbonisation pathway, with the analysis based on the CRREM (Carbon Risk Real Estate Monitor) tool. In 2022, we advanced our decarbonisation pathway analysis by developing pathways for all funds – scalable from country, portfolio and asset level. As a business we are continuously progressing our programme of asset and portfolio level net zero actions in line with our NZAMi commitment.

In addition, we undertake asset level net zero audits on Swiss Life AM UK properties using our decarbonisation analysis to inform prioritisation. Detailed net zero audits of our assets help us to understand current performance, as well as the interventions and costs required to achieve net zero carbon.

Supplier Code of Conduct

Our proprietary SLAM UK Supplier Code of Conduct ensures that our supply chain meets minimum requirements on human rights, Health & Safety, Diversity and Inclusion, and Living Wage, thereby aligning our supply chain with our ESG expectations. First implemented in 2022, we distribute our Code of Conduct to all material suppliers to ensure their

credentials and ethos are aligned with our goals. We expect all material suppliers (£10,000+ contract expenditure) to confirm acceptance and abide by the principles set out in the Code of Conduct. As part of our standard ongoing process, we ask all new material suppliers to sign the Code of Conduct prior to contract signing.

Reporting

Swiss Life Asset Managers Reporting

We are committed to transparent reporting and continual improvement on ESG:

- > Swiss Life Group publishes an annual [Group Sustainability Report](#) and Swiss Life Asset Managers publishes an annual [Responsible Investment Report](#).
- > The Group are supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and publish [an annual response to TCFD](#).
- > We are signatories of UNPRI, responding to the survey annually and publishing our [RI Transparency Report](#).
- > Following our acceptance as a signatory to the UK Stewardship Code, we publish a copy of our report on [our website](#). In line with our responsibilities, we continue to report on our progress annually.

Additional Client Reporting

We commit to reporting on ESG on a quarterly basis for all clients. The level of reporting is tailored to the client, and asset level or tenant level reporting can be provided if required. We specifically report on managing agent activity, tenant engagement, refurbishment or other construction activity, and other relevant metrics (flood risk, EPC ratings, potential costings, etc.). Additionally, we measure and monitor portfolio environmental performance (including energy, water and waste consumption data).

In addition to the Divisional reporting published by Swiss Life Asset Managers (Swiss Life Asset Managers [Responsible Investment Report](#)), we commit to providing clients with bespoke ESG reporting including annual benchmarking reports such as The Global Real Estate Sustainability Benchmark (GRESB).



Tenant Engagement Considerations

Engaging closely with tenants is vital to our responsible investment approach. In describing our approach to tenant engagement, it is essential to highlight the impact that tenant lease terms have on our ability to implement ESG initiatives at the asset-level. We distinguish between two approaches to integrating ESG initiatives at our properties:

1. *‘Multi-let’ leases* – For properties comprising ‘Multi-let’ leases, Swiss Life AM UK maintains full control of the asset assuming full responsibility for the common parts of buildings (roofs, shared amenities, entrances, staircases, etc.) The landlord of a ‘Multi-let’ property lets space within each property to tenants (e.g. second floor, third floor, etc.), and charges a fee to tenants for general upkeep and use of common parts. ‘Multi-let’ leases allow landlords to fully manage and integrate ESG initiatives within properties, such as the selection of renewable energy suppliers. We hold regular tenant meetings at ‘Multi-let’ assets to establish tenants’ needs, build support for sustainability initiatives, and draw on occupiers’ own ideas for ESG integration.
2. *‘Full repairing and insuring’ (FRI) leases* – FRI leases offer limited control to landlords. FRIs typically relate to properties with a single tenant (‘Single-let’) that assumes full responsibility for features such as general repair, maintenance, property insurance, broadband, and utility procurement. The ‘Single-let’ tenant is responsible for operation and upkeep, meaning the landlord’s ability to influence aspects of the property is limited in comparison to ‘Multi-let’ leases.

Swiss Life AM UK manages 59 individual ‘Single-let’ assets. Weighted by value, these properties constitute 25.4% of our total £2.0bn AUM (illustrated by Graph 6.4 on p.35). Despite the increased challenge of making a meaningful difference in these assets, we undertake tenant surveys to try to understand our occupiers’ views on sustainability and identify areas in which we can assist. For example, if an occupier is seeking to enhance the energy efficiency of their building, we would be eager to find ways to help them fund the cost of this – perhaps through extending their lease or paying an increased rent. Sustainable objectives are more easily attained through working in partnership.

This distinction between ‘Multi-let’ and FRI leases is an industry-wide challenge affecting all real estate investment managers or landlords who seek to improve the sustainability credentials within existing ‘Single-let’ properties. In our experience, many ‘Single-let’ FRI tenants are reluctant to engage with landlords because there is no legal requirement to do so and they may have their own ESG plan and priorities, and in some cases are targeting their largest premises first. This is a key challenge for managers of existing real estate assets – it is far easier for a landlord to optimise ESG characteristics in a refurbishment or new build (e.g. through onsite renewable energy) before an FRI lease is signed with a new tenant.

There is no “quick fix” solution and affecting change requires long-term solutions. Despite energy procurement within ‘Single-let’ properties being a tenant responsibility, we can affect positive change by collaborating closely with tenants.

We strongly believe that responsible property investors have an obligation to promote ESG initiatives with tenants by encouraging ESG data sharing, collaborating on the implementation of onsite renewables and other ESG measures, and to engage and influence tenants to switch to renewable energy suppliers.

More effective collaboration and positive engagement between landlords and tenants will be required to achieve successful and consistent ESG data sharing supporting the transition to net zero carbon. Until then, we remain focused on our primary goal of reducing the environmental impact of our buildings – increased data sharing is just the first step.

We seek to be market leaders and will continue our efforts to positively influence our occupiers in accordance with our own ESG principles.

Assessing our Integration of Stewardship and Investment

As illustrated in the preceding sections, our commitment to integrating stewardship and investment is reflected in the lengths that we go to implement a bespoke Responsible Investment policy, various reporting disclosures, and granular best practice initiatives at both the portfolio and property levels.

We continually strive to meet both market and investor expectations. We leverage third-party specialist advisors on key ESG topics who provide regular market, industry and legislative updates to ensure we are remaining abreast of key ESG trends and best practice. We also gather feedback from investors, ensuring that we action and incorporate feedback to enhance existing processes.

The Global Real Estate Sustainability Benchmark (GRESB) remains the dominant sustainability benchmark for real estate, providing an objective assessment of the integration of ESG and stewardship in relation to an Investment Manager’s peers. Our two longest-standing funds participated in GRESB in 2024, with PITCH receiving a score of 84 out of 100 (+1 point improvement YOY) and PUT receiving 82 out of 100 (+1 point improvement YOY). Both mandates gained an additional Green Star, receiving awards of four Green Stars.

We are well aware that our clients and beneficiaries are constantly “raising the bar” in terms of their expectations. Continuous improvement is therefore essential to the ongoing effectiveness of our integration measures. ●

Please refer to Principle 6 for further information on how we engage with clients and beneficiaries to understand their evolving expectations of Stewardship, ESG issues and climate risk.



Queen Street - Leeds, UK

Outcomes



Integrating Stewardship & Investment

Our focus as a business during 2024 was the implementation of our new social inclusion strategy, as well as the advancement of several initiatives commenced in previous years, namely the deeper integration of decarbonisation pathway analysis, robust data collection, asset-level solar initiatives, and social value. Our strongest areas of continuous improvement included the following:

New Social Inclusion Strategy - strengthening the “S” in ESG

Over the past year, we have developed a divisional social inclusion strategy as part of our ESG approach for real estate, aiming to ensure our investments generate financial returns and positively impact society, complementing our existing measures in real estate.

We developed our social inclusion strategy by analysing impacts and incorporating internal and external perspectives. Key aspects informed our three strategic pillars of “Affordability”, “Accessibility” and “Diversity and inclusion”, including goals and implementation measures, considered case-by-case at the asset level.

Affordability: We see our primary role in alleviating housing shortages by creating additional supply. We contribute to this by affordable quality housing in accordance with local conditions (e.g. municipal requirements) and our clients’ expectations (e.g. products). We fulfil our fiduciary duty and follow our investors’ strategies, which increasingly include affordable housing targets.

Accessibility: While accessibility requirements are often driven by local regulations, we see accessibility as a fundamental aspect of our commitment to inclusivity and are dedicated

to making our properties and their surroundings more accessible. To this end, we are introducing an internal recommendation for additional accessibility measures, leveraging opportunities such as renovations (e.g. ramps) to enhance accessibility beyond the regulatory requirements. The respective principles were developed in 2024 and will be introduced in 2025.

Diversity and inclusion: The terms inclusion and diversity are often mentioned together, although they differ in their approaches. For us, diversity means acknowledging the differences among our stakeholders, while inclusion involves taking action to promote social inclusion in our real estate assets. Our goal is to foster diversity and inclusion throughout the activities of our value chain – within and around our assets and with our key stakeholders. With an internal diversity and inclusion recommendation, which was developed in 2024 and will be introduced in 2025, we aim to provide qualitative guidance on promoting and raising awareness of diversity and inclusion in our rental process. This includes among other measures the increased dialogue with tenants, consideration of hardship cases, letting to social and cultural organisations.

ESG Reporting in Investment Plans & Risk Reporting

ESG has been included as a formal risk consideration within our annual investment plans and risk reporting since 2021. In 2024, we continued to document ESG considerations within acquisition plans and investment reports to support forward-looking ESG analysis, including year-on-year comparisons of ESG risk for our assets and portfolios.

Decarbonisation Pathway Analysis

In 2023, we completed an extensive review and quality update of the decarbonisation pathways for all of our funds. This incorporated comprehensive validation of all UK fund data included within our decarbonisation pathway tool to improve the quality of outputs. We reviewed all energy consumption data from 2019-2022 and conducted an

enhancement review of the estimation methodology. In 2024, our fund teams continued their ongoing review of all assumptions and cost data relating to sales, refurbishments and solar, with results being used by each team to inform ongoing asset management, refurbishment and decarbonisation planning.

Climate Risk Assessments within Investment Due Diligence

We conduct climate risk analysis (physical and transitional) on our entire portfolio of standing investments on an annual basis to understand the Climate Value at Risk (CVaR) of our real estate assets. Net zero assessments have been formality incorporated into our standard due diligence processes since 2021, ensuring that we are carefully screening all new purchases to ensure we have an understanding of the potential risk of stranding and have a clear view on costs in order to achieve net zero carbon.

In 2024, we applied CRREM decarbonisation analysis within our due diligence process on over c.£300m of transactions, including the consideration of CRREM pathways for all new asset acquisitions under consideration.

Further Improvements to ESG Data Coverage & Data Management

As a business, we are acutely aware of the importance of ESG data for performance monitoring and for supporting net zero ambitions/targets. Comprehensive quality data is critical for supporting decarbonisation analysis and ensuring robust ESG reporting. We maintain a consistent approach to data acquisition and management through the use of an ESG data management system across our funds, which enables the collection, storage and monitoring of energy, water and waste consumption data.

In 2024, we continued to improve our data collection approach and resultant data coverage, by further embedding and enhancing data processes and technology solutions to improve data access. For example, throughout the year, we

Outcomes (cont.)

obtained data directly from the UK's national database for electricity and gas consumption, with up-to-date data stored on our ESG data management platform. Our Property Managers continue to collect and report on tenant data and Letter of Authority signature progress on a monthly basis.

2024 Global Real Estate Sustainability Benchmark (GRESB) Submission

In Q1 2024 we commenced the annual GRESB submission and data collection process, working collaboratively with our property managers to ensure improved environmental data coverage and quality. GRESB submissions were completed for our two longest-standing UK mandates, PUT and PITCH. 2024 was the 11th consecutive year that our PITCH Fund participated in GRESB benchmarking.

Both portfolios improved their “Green Star” status with PUT and PITCH being awarded four Green Stars (gaining additional stars from the previous year’s submission). PITCH achieved a score of 84 out of 100, a one-point score increase, ranking 6th in a peer group of 90. PUT achieved a score of 82 out of 100, also a one-point increase, ranking 2nd in a peer group of 6. The key improvement areas relate to increasing energy, water, waste data, green building certification and technical building assessment coverage to ensure continual improvement. As part of this reporting process, all environmental data (energy, water, waste and GHG) was assured by external consultants EVORA Global to the AA1000AS Assurance Standard.

Green Lease Clauses

For new property lettings, we propose the inclusion of “green lease” clauses, which relate to the landlord and occupier undertaking specific responsibilities relating to the sustainable operation of the property (e.g. data sharing, landlord tenant co-operation on sustainability matters, and waste management or water efficiency). Following a full review of the standard green lease clauses during 2023, in 2024 we further implemented enhanced data sharing provisions to allow for new data technological changes, such as automatic data access via the UK's national database for electricity and gas consumption.

Refurbishment Standards

Our proprietary Swiss Life AM UK Sustainable Development and Refurbishment Guide includes detailed ESG principles governing all refurbishment activities. For example, we require contractors to demonstrate that at least 90% of waste is diverted from landfill, and that 50% of materials used throughout refurbishment should achieve a B rating or better under the BRE Green guide to materials. In 2024, we upheld our refurbishment standards across all refurbishment initiatives within our property portfolio.

Please refer to Principle 2 for further information on outcomes and improvement initiatives relating to resourcing, governance, and remuneration of stewardship.



The Bonhill Building - London, UK

Principle 8

Signatories monitor and hold to account managers and/or service providers

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 8 in terms of how we actively engage with property management firms as a principal. A property manager is an essential external service provider for real estate investments.

Third-Party Property Managers

Overview

As a core function of Swiss Life AM UK's operating model, we retain specialist third-party property managers to assist in managing real estate assets within the mandates that we manage and advise. Generally, we do not delegate responsibility to other investment managers, and only delegate to specialist investment advisors in select cases. The assertive management of third-party property managers is fundamental to our asset management approach - having a reliable and locally based property manager on the ground is essential for ongoing property monitoring and liaising with tenant customers.

We appoint property managers on a "best-in-class" basis on market terms and monitor service delivery through property management agreements, which include service level agreements and KPIs. Performance is monitored on a recurring basis to assure high levels of service for competitive fees. Further, we also set energy consumption criteria for 'Multi-let' assets under our control, and property managers assist us in monitoring energy consumption, CO₂ emissions, water use and recycling.

We ensure that all property managers regularly attend sites and liaise with tenants, and we commit to inspecting all properties internally at least twice a year. This frequency is increased substantially for 'Multi-let' properties. Visits will be considerably more frequent in the event of outstanding issues or management opportunities to add value.

Monitoring Third-Party Property Managers

Formal Property Management Agreements are agreed with all property managers prior to the commencement of services. These agreements outline clear and actionable performance criteria as well as service-level KPIs. Formal service agreements typically include detailed service schedules, responsibilities, fee arrangements, insurance and liability considerations, and all relevant terms relating to service expectations such as conflicts of interest, complaints procedures, dispute resolution procedures and scope of authority. We generally agree detailed service schedules relating to the following requirements:

- > Property Management Services
- > Financial management Services
- > Service Charge Budgeting
- > Asset Management
- > Building Consultancy
- > Landlord & Tenant Engagement
- > Lettings
- > Local planning

The depth of service provided by our property managers reflects their essential role within our operating model. With this in mind, we take a structured approach to monitoring their performance throughout the lifecycle of each asset.



Monitoring starts with formal reporting and communication procedures, and trickles down into more frequent and informal communication as required. We adopt an "open and often" approach to communicating with property managers to ensure that the full scope of services is monitored appropriately.

We engage property managers using a combination of formal and informal procedures to monitor each portfolio's performance on a rolling basis:

- > Formal written management reports (*quarterly*)
- > In-person management meetings (*quarterly & more often as required*)
- > Physical property inspections and subsequent inspection reports (*bi-annually or annually*)
- > Accounting procedures and performance metrics relating to rent and insurance collection (*quarterly*)
- > Service charge budgeting (*annually*)
- > Communication on key property-level events such as rent reviews, lease expiries, project works or insurance matters (*quarterly & ad hoc in between*)
- > Issue escalation and complaints resolution on matters such as local government regulation changes, tenant concerns, building maintenance requirements, unexpected events at the property (*quarterly & ad hoc in between*)

Engagement Beyond Monitoring

As part of our ongoing management of investments with property managers, we also proactively engage with tenants and local stakeholders to improve and enhance assets, including on matters relating to environmental and social factors:

- > As part of onboarding, we provide tenants with our refurbishment guide and seek to agree to share ongoing tenant energy, waste and water data
- > We propose the inclusion of "green lease" clauses in new lettings relating to the landlord and occupier undertaking specific responsibilities relating to sustainable operation of the property, for example in relation to energy efficiency measures, waste management or water efficiency

- > We set up data monitoring for all landlord-controlled space
- > Green energy contracts are procured for all landlord-controlled supplies
- > We undertake tenant satisfaction surveys and regular tenant meetings to seek ways of enhancing and operating assets that benefit all parties
- > We actively pursue increased recycling in all our properties
- > We undertake building improvement reviews and analyse plant and machinery to improve energy efficiency
- > During refurbishment, we incorporate improved lighting, remove gas supplies where possible and incorporate wellbeing features (e.g. cycle stores, showers and biophilia)
- > We also pursue the use of sustainable materials and practices in the refurbishment process through our Sustainable Refurbishment and Development Guide.

Please refer to Principle 9 for further information relating to how we engage with broader service providers.

Please refer to Principle 10 for further information relating to how we engage with Communities, Tenants and Suppliers related to our assets.

Future Priorities for Engagement

As part of ongoing engagement with our managing agents, we expect to focus on the following priorities in 2024:

- > Landlord and tenant data collection
- > Tenant engagement on implementation of ESG initiatives (e.g. on-site renewables)
- > Review of Residential property management servicing including standardisation to derive efficiencies for our clients
- > ESG Asset Logbook updates (including asset ESG audits)
- > Implementation of property-level ESG recommendations (e.g. from asset ESG audits)
- > Ongoing tracking of GRESB asset level data
- > Continued implementation and compliance with our Swiss Life AM UK Property Manager Sustainability Standards & Guidance

Augmented Role of the Property Manager

Swiss Life AM UK typically assumes the role of Investment Manager and Asset Manager on our mandates, electing to outsource all Property Management services to third-parties. However, our business model has evolved within the past three years in regard to investments in operational real estate (namely the self-storage sector) and specialised investment sectors (such as single-family housing). In both cases, the role of the property manager has either been internalised or subcontracted to an external third-party. In both cases, Swiss Life AM UK retains full responsibility for Investment Management.

Operational Real Estate (Self-storage)

As articulated by the real estate industry trade body INREV, there is increasing appetite from investors to invest in operational real estate sectors. This emerging shift within the real estate industry has been driven by investors looking to capture income returns from nascent sectors of the market that are positively aligned to secular trends. Operational Real estate also offers benefits including increased cashflows and the potential to generate positive Environmental, Social, and Governance outcomes⁶.

We made our first operational real estate acquisition in 2021 by acquiring a portfolio of assets within the self-storage sector. We have subsequently expanded the portfolio across the North and the Midlands to comprise twelve

assets. Performance has been strong since acquisition, surpassing all year-on-year revenue, EBITDA, and capital appreciation forecasts. Property management for our self-storage portfolio has been undertaken by an internalised operational capability since 1st January 2023. The operating company (a wholly-owned subsidiary of Swiss Life AM UK) assumes full responsibility for the activities of the business such as leasing, arrears management and property repairs. Its activities are governed by a robust operating agreement, which clearly sets out responsibilities between the separate entities. It contains rigorous checks and balances related to operator activity, prioritising an appropriate level of process to manage any potential performance issues to ensure continued risk mitigation on behalf of investors. Swiss Life AM UK also conducts an annual operational risk audit of the operating company. Falling within the broader scope of Swiss Life AM UK's operational risk reporting framework, audits are led by the Head of Research, Strategy & Risk, and Head of Operations & HR, with the most recent taking place during November 2024. Audits are formally documented and cover a review of internal processes, issue escalation procedures, and the identification of improvement measures and mitigation efforts.

Specialised Investment Sectors (Single-family housing)

In 2021, Swiss Life AM UK's PITCH fund formalised a partnership with specialist UK residential investment manager, Hearthstone, as a means of accessing the

single-family housing investment market. By subcontracting selective functions to Hearthstone, Swiss Life AM UK utilises Hearthstone's expertise and access to a specialist investment sector, whilst still retaining full oversight and responsibility for Investment Advisory and Asset Management services. As part of the partnership, Swiss Life AM UK subcontracts Investment Advisory and Asset Management duties to Hearthstone on behalf of the PITCH fund, whilst retaining liability and responsibility for all investment activities including performance oversight. Hearthstone provide expertise on top-down investment strategy, transaction sourcing and completion of due diligence measures.

All investment recommendations are formally reported to the PITCH fund team, Swiss Life AM UK's Investment Risk Committee, and the external PITCH Investors Committee. Swiss Life AM UK retains the ability to veto all recommendations made by Hearthstone, with the IRC functioning in the same way as all other Swiss Life AM UK funds. Swiss Life AM UK also retains the right to sell portfolio assets in order to meet fund liquidity requirements, which distinguishes the subcontracting arrangement from a typical indirect investment.

Property Management services remain outsourced to an external property manager, Connells. Swiss Life AM UK retained full decision-making authority for the appointment, which was made on a similar basis to how we appoint other property managers on other mandates (i.e. on a "best-in-class" basis on market terms). We maintain service level agreements and KPIs within the fund's property management agreement with Connells as per all our other mandates to create alignment. Connells undertake all expected property management services related to the portfolio such as rent collection, unit repairs, and resolving tenant matters. Hearthstone have assumed subcontracted responsibility for Asset Management services such as lease renewals, rent reviews and new lettings. They liaise directly with the property manager (Connells) and report all property, tenant and financial data directly to the PITCH fund team.

The partnership has delivered beneficial diversification to the PITCH portfolio and achieved attractive exposure to the single family home private rented residential sector.

Service Delivery to Meet Client Needs

The continued strong investment performance of our three core balance portfolios (outlined in Principle 1) was underpinned by high rent collection levels by our local property managers. All third-party property managers delivered satisfactory service on behalf of our mandates in 2024. Service levels met investors' needs in line with property management agreements and no interventions or issue escalations were required.

During 2024, we continued to engage property managers on our proprietary ESG service and reporting standards ('Swiss Life AM UK Property Manager Sustainability Standards and Guidance'), focusing on continuous improvement measures such as data collection and quality. We also entered a new sector for our business, Student living. Our engagement with the incumbent property manager of this asset during 2024 focused on improving service delivery and performance on behalf of our new client (a pan-European fund managed by our parent company, Swiss Life Asset Managers). ●

Please refer to Principle 7 for further information on how we integrate stewardship and investment at the property-level in partnership with our third-party property managers.



Cardinal West - Hungtingdon, UK

“You present really well compared to other managers and through the delivery and contents of the presentation and your answers to our questions you demonstrate great knowledge and understanding of your sector – it gives us real confidence.”

— UK Charity Investor

⁶ INREV - 'Operational Real Estate – Real Asset or Real Economy' 2020

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 9 in terms of how Swiss Life AM UK actively engages with external service providers related to maintaining and enhancing asset value for direct property investments (such as property valuers, firms of solicitors, project managers, specialist asset managers and development partners).

Overview

In addition to external property managers (Principle 8), we also appoint external service providers and consultants to execute specific roles related to asset business planning and investment execution.

As mentioned in Principle 1, we tailor the income profiles of our portfolios to the risk profile of each investor. For core investors, we focus on income protection and growth through high quality income and vacancy mitigation. For clients with a higher risk tolerance, we apply greater focus on capital value enhancement through income creation. For such investors seeking higher risk-adjusted returns, we prioritise capital value enhancement through shorter leases with extension potential, asset improvements through refurbishment, and development of additional space.

Even though c.93% of our client AUM relates to Core strategies (Graph 6.2 on p.34), all of our client mandates require a combined approach to both maintain and enhance asset values. Although Value Add and Opportunistic risk strategies may incur a greater focus on asset value

enhancement initiatives (such as physical repurposing and the refurbishment of existing property assets), asset value enhancement initiatives remain an important consideration within our Core portfolios.

Maintaining Asset Value

As well as property management, we believe there are three “core services” related to maintaining real estate asset values:

i. Property Valuation – External valuers are appointed to carry out independent asset valuations on a recurring basis. The frequency of valuations is tailored to fund requirements (dictated by financial regulations and legal requirements) with most valuations typically occurring on a quarterly or bi-annual basis.

ii. Performance Measurement – We engage service providers to perform external performance analysis of portfolios and industry benchmarking. Swiss Life AM UK typically engages MSCI to conduct historic performance and attribution analysis.

iii. Legal & Property Advisory – External advisors are appointed to conduct due diligence on real estate assets. Third-party legal advisors are engaged on legal due diligence, while building, environmental and sustainability surveyors are appointed to undertake physical due diligence of the asset and site. Third party lenders, brokers, tax advisors and other consultants are engaged on further due diligence matters as required. We prioritise the appointment of “best-in-class” specialists in all areas to maximise value.

Enhancing Asset Value

We seek to protect investors’ interests on all leasing, refurbishment and development projects by engaging external project specialists. Whereas some investment managers might internalise project services to capture increased corporate profits, our highest priority is to engage “best-in-class” providers capable of delivering optimal outcomes for our investors.

We typically engage the following external service providers on value enhancement projects

- > Development Managers
- > Contractors
- > Architects
- > Quantity Surveyors / Project Managers
- > Sustainability, Mechanical & Electrical Systems Consultants
- > Specialised Leasing Agents

As part our commitment to actively promote the creation of safe and healthy buildings, we seek to identify asset value enhancement initiatives that can simultaneously deliver positive ESG outcomes, greater productivity, and positive experiences for the workers, communities and visitors who use our assets. For example, for all investment mandates under our control, all landlord-controlled supplies are on a 100% renewable tariff.

Methods of Engagement

Given the range of ongoing asset maintenance and enhancement projects across our 163 UK properties, we adopt a range of methods to engage with our service providers. As with our approach to monitoring property managers (Principle 8), we make use of both formal reporting procedures as well as more frequent communication as required.

We differentiate our methods according to the formality and frequency of engagement:

a) Planned & recurring engagement – To a large extent, we engage with “core service” providers in a structured manner by adhering to regular deadlines and reporting procedures for services such as property valuation and performance measurement. For example, we engage

external property valuers in accordance with each fund’s valuation policy, which may require valuations on a monthly, quarterly or bi-annual basis.

b) Project-based engagement – We commonly engage service providers on asset enhancement initiatives such as refurbishing commercial property buildings. These projects are informed by asset-level business plans and our “active management” approach (Principle 11). We typically engage service providers during the lifecycle of a project through formal reporting, in-person meetings, project budgets and KPIs.

c) Ad Hoc engagement – Occasionally, service provision also occurs on an ad hoc basis whenever we identify a new client need within a portfolio. For example, when acquiring new assets on behalf of a fund, we engage third-party legal advice in accordance with our disciplined investment and due diligence process (Principle 1). Ad hoc communication with service providers will often incorporate in-person meetings, phone calls and email/digital communication until the initiative is completed.

All of our client mandates require a combined approach to both maintain and enhance asset values.

2024 Outcomes – Service Providers

As mentioned above, maintenance and enhancement initiatives are common across all our directly-managed property investments, with value enhancement initiatives receiving greater focus within Value Add and Opportunistic risk strategies. With this in mind, it would not be prudent to illustrate a full list of 2024 outcomes relating to how we maintain and enhance asset value across all our 163 direct real estate assets. Instead, we have provided a case study to illustrate an outcome which is typical of our investment approach. ●

Case Study – Enhancing Asset Value

Major refurbishment and re-letting of two buildings within an office complex in Botley, Oxford to enhance asset value on behalf of charity endowment clients

Wallbrook Court comprises a horseshoe style development of four adjoining, self-contained office buildings (Begbroke, Eaton, Hanborough and Binsey) arranged around a central courtyard. The property was built in 1989 of steel frame construction with brick and blockwork cladding under a pitched, slate covered roof.

Purchased by Swiss Life AM UK’s Property Income Trust for Charities (PITCH) Fund in 2006, Wallbrook Court is well-located on the outskirts of Oxford. Demand within its sub-market location of Botley (OX2) is largely driven by the professional sector seeking good access to Oxford and nearby transport links (Oxford train station and the A34) without having to be situated in the city centre.

Since original acquisition, the Begbroke and Eaton buildings had been occupied continuously without refurbishment. As a consequence, both units were very dated and in great need of modernisation. Original building specifications included gas fired central heating, local comfort cooling, raised floors and mineral fibre suspended ceilings incorporating fluorescent lights. The WCs and showers were in very poor order and were awkwardly distributed through the building.

The remaining two buildings (Hanborough and Binsey) had been previously refurbished and remain fully occupied.

In May 2023, Swiss Life AM UK devised a refurbishment business plan outlining a comprehensive refurbishment

of the two buildings (Begbroke and Eaton) to improve occupational quality within a location with constrained supply and eventually derive subsequent re-lettings at higher rents. Availability of office space in Botley remains limited. Oxford city centre is also devoid of supply and anything of quality is often fought over in competitive lease bidding.

Subsequently, the offices were comprehensively refurbished throughout 2023 and 2024:

- > Both offices were completely stripped out, with replacement of ceilings, raised floors as necessary, carpets and internal doors.
- > The inefficient gas central heating was removed and replaced with electric VRV heating and cooling.
- > Installation of a new heat recovery ventilation system, new LED lighting throughout, 40 kWp photovoltaic (PV) solar panels and four electric vehicle chargers.
- > Complete renewal of WCs and showers.
- > Replacement of all windows and an upgrade of roof insulation.
- > Improved on-site cycle storage facilities.

The comprehensive refurbishment resulted in a more energy efficient building, with the EPC rating improving from EPC C to EPC A8.

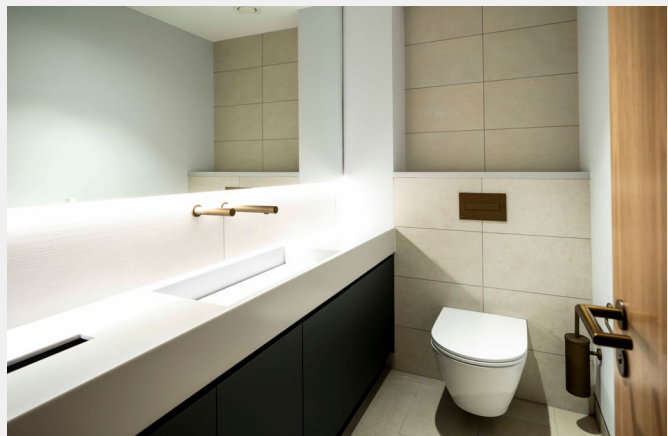
Swiss Life AM UK worked with Bradford Watts as the main contractor on the refurbishment, with JLL instructed as a “best-in-class” project management partner based on their excellent track record.

The refurbishment project achieved practical completion in May 2024, successfully delivering enhanced office accommodation specification and sustainability credentials, thereby increasing the building’s attractiveness to occupiers.

CBRE were appointed to drive leasing activity within the building. Within six months of practical completion, half of the newly refurbished space was let to a leading property consultant at a new high rent for the property of £40 psf.

Our enhancement initiatives led to the property achieving a valuation increase of +36.6% from c.£8.6m prior to refurbishment (as at 30th June 2023) to c.£11.8m (as at 31st March 2025).

This case study exemplifies our sustainable approach to asset value enhancement, as well as our ability to integrate ESG and climate risk considerations at the property-level to drive results on behalf of our clients. The project has already contributed towards the PITCH portfolio’s overall Net Zero goals.



Wallbrook Court - Oxford, UK

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 10 in terms of how Swiss Life AM UK actively collaborates with broader stakeholders beyond Property Managers and service providers, namely our Industry, Communities, Tenants and Suppliers.

Commitments & Memberships

As a member of Swiss Life Asset Managers, we promote responsible investment by providing resources and know-how to industry and sustainability associations. By doing so, we actively contribute to further development of our industry. Stakeholder engagement is critical to our responsible investment approach and fiduciary duties. Encouraging an active and transparent dialogue with our investors and tenants is a powerful tool for reducing risk while fostering readiness for a more sustainable future.

For more information, please refer to the Swiss Life Asset Managers [Responsible Investment Policy](#).

We are active members and signatories to a number of associations and industry initiatives, some of which are detailed opposite. A full list of Swiss Life Asset Managers memberships can be found [here](#).



Collaborative Stakeholder Engagement

We collaborate and engage on a number of issues that may affect our investors through industry trade body engagement with entities such as the Association of Real Estate Funds (“AREF”). Recent topics of engagement include contributing to AREF’s response to the FCA’s public consultation on proposed revisions to the UK Stewardship Code, as well as engaging with industry peers ahead of the launch of the new Reserved Investor Fund (RIF) - a new UK fund structure designed specifically to bring real estate investment funds onshore in the UK - which launched in March 2025.

Please refer to Principle 4 for more information on how we engage with industry trade bodies to identify and respond to market-wide and systemic risks.

Community engagement is critical for facilitating third-party dialogue with stakeholders living in the communities where we invest. As asset owners, this opportunity to build lasting value within social environments is vital to enhance the socio-economic benefits and impact of our real estate. The launch of our UK Social Value strategy – ‘Empowering Places’ – during 2023 was a key improvement initiative on behalf of our community beneficiaries. Our ‘place-based’ strategy aims to tackle challenges caused by geographical inequality affecting towns and cities across the UK. As a UK real estate investor with significant regional exposure, we believe we can make a substantial contribution to tackling these disparities and challenges through our approach to social value. Our strategy focuses on uplifting the communities around our property assets, delivering tailored impacts that respond to the needs of local communities.

Please refer to Case Study 2 within this section for further information regarding the launch of our UK Social Value strategy, 'Empowering Places'

Tenant engagement is a fundamental focus for our business, particularly in relation to how we seek to systematically integrate material ESG and climate change issues at the asset-level. We conduct tenant satisfaction surveys on an ongoing basis to ensure that we receive formal feedback from our tenants. Surveys are conducted every three years at a minimum, and feedback is followed-up directly with tenants. In addition to formal feedback, we leverage close relationships with tenants to maintain active dialogue and ensure that matters are addressed in a timely manner. Data collection processes between our tenants and Swiss Life AM

UK as landlord allows us to better understand asset performance, informing efficiency and cost saving measures that ultimately benefit the tenant. Tenant engagement is critical to supporting effective implementation of onsite renewables. Our Property Managers collect and report on tenant data on a monthly basis.

Please refer to Principle 7 for further information on how we engage with our Tenant beneficiaries to integrate Stewardship and Investment at the property-level.

Supplier engagement is a standard business practice for Swiss Life AM UK, and we conduct sustainability reviews for all suppliers every three years. Suppliers are required to complete and return a comprehensive sustainability questionnaire on matters relating to Corporate and Social Responsibility, Environment, and Health and Safety. Responses are reviewed and assessed to ensure that suppliers meet minimum standards prior to contract renewal.

Please refer to Principle 4 for further information on how we hold our supply chain to account through our accreditation as a Living Wage employer.

Linking Engagement to Investment

As articulated within our Purpose (p.8), we seek to invest “with full appreciation of the impact our activities have on the communities in which we invest and the environment.” As a direct real estate manager of 163 properties involving over c.500 individual tenants, we are constantly engaging with a broad number of community, tenant and supplier stakeholders linked to the operation, performance and care of our assets. Engagement with stakeholders directly supports investment performance, ESG performance and the creation of positive Social Value outcomes.

Strong relationships enable deep engagement, which in-turn facilitate better-informed investment decisions. In respect of our tenant stakeholders, a strong relationship with a tenant often affords us a better understanding of their operational performance, business plans and ESG aspirations, all of which give us confidence as their landlord on behalf of our clients. There have been instances in the past where investment decisions to acquire new properties have been fortified by our knowledge that an existing and engaging Swiss Life AM UK tenant is also a tenant in the new property – illustrating that a strong relationship based on deep

engagement can support our ability to generate strong results for our clients.

However, it can be difficult to engage stakeholders in situations where there is no legal requirement for them to do so. As articulated in our response to Principle 7, ‘Single-let’ tenants on Full Repairing & Insuring leases can resist our efforts to engage on ESG improvement initiatives. In such cases (where we are unable to achieve our desired engagement outcomes), we will often pursue informal

methods to engage stakeholders in advancement of our Purpose.

In 2025, we intend to continue engaging community, tenant and supplier stakeholders through our UK Social Value strategy, ongoing implementation of our Supplier Code of Conduct, and further implementation of property-level initiatives to support net zero pathways, all of which are expected to lead to better-informed investment decisions on behalf of our clients. ●

Case Study 1

Collaborative industry roundtables to facilitate impact investments into the UK residential sector

In 2024, we initiated a series of industry roundtable events entitled “Residential impact strategies – the benefits to investors, people, place and planet.” The roundtables sought to bring together a dynamic group of industry leaders and community advocates to focus on illuminating the opportunities and challenges of impact investment in the UK residential market.

Numerous UK cities and towns have suffered from years of underinvestment in real estate, leading to outdated infrastructure and stagnant growth in residential property supply. Despite the government’s increased spending outlined in the October 2024 Budget, the UK’s housing crisis is unlikely to be resolved solely through state intervention alone. It is our conviction that institutional investors can play a pivotal role in alleviating the funding bottleneck in UK real estate, especially in regions often neglected by investors. Institutional investors have the potential to channel substantial capital into overlooked UK regions, where opportunities offer both attractive long-term reliable returns and significant social and economic impact.

With government support, the time is right for investors to partner with local authorities and social impact-focused developers to help address the real estate shortfall across the UK’s regional cities and towns. To truly benefit supply-strained communities across the UK, investors must identify developers willing to work with local and central authorities on ambitious

transformational projects that deliver real urban renewal and social impact. We believe urban regeneration and placemaking in underinvested locations offer better risk-adjusted returns to investors. In partnership with local authorities, private capital can transform overlooked regions, meet pressing housing needs, deliver real and meaningful social impact for all stakeholders, and lay the groundwork for vibrant, resilient communities.

Two roundtables were delivered in London and Manchester as a collaboration between ourselves, Swiss Life Asset Managers UK, and Capital & Centric – an award-winning social impact developer delivering projects across the UK. Chaired by our UK CEO, Giles King, the roundtables featured guest speakers Marcus Ralling, CEO of Homes England; Andy Burnham, Mayor of Greater Manchester; and Caroline Simpson, Chief Executive of the Greater Manchester Combined Authority.

Events were attended by over 30 guests representing a cross-section of government and institutional investment stakeholders from across the country including Local Government Pension Schemes (LGPS). The event in Manchester was followed by a site visit to Capital & Centric’s newly opened development in Farnworth, Bolton a case study in delivering meaningful urban renewal and social impact within underinvested locations.

For more information on our beliefs concerning impact investment into the residential market to address the UK’s housing crisis, please refer to our [website](#).

Case Study 2

Second full year of our UK Social Value Strategy (‘Empowering Places’) and publication of our first annual Social Value report

Overview
We furthered our commitment to stewardship in 2024 by delivering on the second year of our UK Social Value Strategy and by publishing our first annual Social Value report. Our strategy, entitled “Empowering Places”, is ‘place-based’ and aims to tackle challenges caused by the geographical inequality affecting towns and cities across the UK. Following the formal launch of our strategy in 2023, £15,000 was made available in 2024 to support local causes in Bristol, which was selected following portfolio and local needs-based analysis.

Through our strategy we aim to make a substantial contribution to these focus areas by supporting local community projects, and by using our influence within our supply chain and with our stakeholders. This strategy is underpinned by our progressive culture that centres around transparency; diversity, equity & inclusion; an active charity & volunteering programme; and good governance.

Background
Swiss Life Asset Managers UK proudly announced the launch of its ‘Empowering Places’ UK social value strategy and community fund in June 2023. Launched in partnership with our charity fund, the Property Income Trust for Charities (PITCH), the strategy is the culmination of an extensive social value project completed during 2022 and signals our continued commitment to creating positive social impact within the communities in which we invest.

As investors in the built environment, we feel the ‘S’ (Social) within ESG is an area where we can make a significant contribution. We believe in delivering social impact in the places in which we invest. For this reason, we have focused our UK social value strategy on uplifting the communities around our property assets, delivering tailored impacts that respond to the needs of local communities.

Strategy Development
In 2022, we undertook a comprehensive strategy development process involving a review of legislation, best practice, stakeholder interviews and materiality analysis, to identify our three social focus priorities. These are:

- 1. Creating healthy, sustainable & inclusive communities in and around our assets.
- 2. Promoting access to education and skills for underserved groups.
- 3. Creating an inclusive economy within our value chain and collaborating with our partners to maximise impact.

As part of the strategy development process, we engaged expert social value advisors to develop a best practice and leading Social Value strategy which outlines our key Social Value focus areas, method of delivery, and incorporates best practice measurement and reporting on social value. The strategy was informed by over 20 years of charitable partnerships and close connections with charity investors from our PITCH Fund.

The Challenge
The UK Government launched its ‘Levelling Up’ agenda in 2022 in recognition of the geographical inequality affecting towns and cities across the UK. There are significant differences in productivity, pay, education levels and health and wellbeing, with regional towns and cities disproportionately affected. As a UK real estate investor with significant regional exposure, we believe we can make a substantial contribution to tackling these disparities and challenges through our approach to social value.

Our Strategy
Our strategy is ‘place-based’ and aims to tackle these challenges by relying on local authority data and the close community connections of local charities, so that we have a clear understanding of the needs within the communities in which we invest. Through our strategy we aim to make a substantial contribution to these focus areas by supporting local community projects, and by using our influence within our supply chain and with our stakeholders.

Delivering on This Commitment

We deliver on this commitment through our *UK Community Fund*, which operates in partnership with our Property Income Trust for Charities (PITCH) Fund.

Following portfolio analysis and an assessment of local needs in the communities in which we invest, Bristol was chosen as our focus area to support in 2024. £15,000 was made available through our UK Community Fund to support causes that address the aims of our strategy, focusing primarily on education and skills, and health and wellbeing.

We selected Quartet Community Foundation (based in Bristol) as our key community partner for 2024. Quartet collated a shortlist of community projects, which were submitted to our internal Charity Committee for selection. Consequently, we were able to fully-fund two projects and part-fund one project during the year (please see *adjacent - 2025 Beneficiaries*).

Governance

In addition to the direct funding of community initiatives through our UK Community Fund, we also continuously review our processes and policies to incorporate social value considerations, and use our influence to engage with our supply chain and collaborate with our partners to maximise our impact.

Reporting

In line with our strategy and culture of transparency, we collect data to support best practice social value measurement.

We report on the progress of our Social Value strategy through the publication of an annual Social Value report. A copy of our latest Social Value report is available on our [website](#).

Our Culture

Our strategy is underpinned by our progressive culture that centres around transparency; diversity, equity & inclusion; an active charity & volunteering programme; and good governance.



Rebel Girls Club (2024 Beneficiary)

2024 Beneficiaries

1. Rebel Girls Club (fully funded)

Rebel Girls Club (RGC) is a women-led group for anyone who identifies as a woman to share, learn, connect, grow and feel supported without judgement. The programme supports women in Bristol by providing a safe space for exploration, cognitive coping strategies and building strength via collaboration and social connection.

Our funding provided a Mental Health & Resilience Programme for adult women and non-binary people across Bristol. Weekly in-person sessions, led by those with lived experience, were organised and focused on coping strategies and self-care. The funding helped to support venue hire, facilitator costs, transportation for attendees, resources and materials for crafts, therapy books, food as well as other equipment and initiatives. This initiative was transformative as the grant enabled RGC to expand their programme reach in order to serve a larger and more diverse demographic of women. This has created a profound ripple effect across the local community as well as the wider Bristol area.

2. Oasis Community Hub South Bristol (fully funded)

Oasis Community Hub South Bristol supports the community work of 6 Oasis academies in South Bristol, combatting food insecurity, providing school holiday/ after school provision, and engaging children, young people, and families. Specifically, they work in Knowle, Filwood, Brislington West and Hengrove.

Our funding supported the opening of their pantry provision in September and has continued to run every



Tuesday since. The pantry offers a range of store cupboard staples, fresh ingredients and whole meals. Bags of food which would retail between £15-£20 are sold for £4. The pantry uses surplus food from Fareshare and top up themselves from local supermarkets each week to ensure that meal planning can be managed from the food that they offer. Since opening, an estimated 2307 meals have been provided.

The hub has become a dependable source of affordable food for the local members and they have been able to extend the offering beyond their Fareshare delivery to include household cleaning and hygiene products.

3. Hartcliffe & Withywood Community Partnership (part-funded)

Hartcliffe and Withywood Community Partnership (HWCP) is one of a number of community partnerships across Bristol established in the late-1990s to support regeneration work. HWCP manages the @symes Community Building, which offers space for hire. The group delivers a number of community development and support services including community forums, a community transport scheme, a drop-in advice service, free computer use and youth services. The partnership hopes to improve young people’s aspirations by providing opportunities for them to experience positive, safe activities where they engage with trusted adults.

Our funding helped to support their support worker who was able to lead several after school activities as well as assisting their community coordinator with half-term sessions.



Oasis Community Hub South Bristol (2024 Beneficiary)

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers

11

In the spirit of seeking to address all principles of the UK Stewardship Code, we believe it is pertinent to phrase our response to Principle 11 in relation to the monitoring, prioritisation and escalation of issues relating to Swiss Life AM UK's direct property investments.

Issue Monitoring & Escalation

As outlined in Principle 1, we monitor investments at the property-level on a continuous basis via asset management, administration and reporting processes to protect and enhance asset performance over time.

All potential issues related to performance are monitored throughout the investment hold period by the respective asset manager of each property. The asset manager operates robust controls to ensure the successful execution of the business plans for each investment. We refer to this asset management approach as “active management”:

- > An Asset Business Plan is prepared at the start of each year for every asset
- > All Asset Business Plans approved by the IRC are reviewed after 6 months
- > We conduct a “Hold/Sell” analysis, determined by the asset's thematic qualities and performance prospects

- > Our proprietary Asset Scoring Model is applied to determine the long-term resilience of the asset by assessing its enduring appeal to occupiers
- > Reliable and locally based property managers are appointed, and their service monitored
- > Detailed costed actions are agreed to meet key asset objectives through management, repositioning and sale ESG targets are reviewed and embedded at various stages of our “active management” approach
- > Third-party service providers are procured as required on a “best-in-class” basis on “market terms”

As outlined in Principle 8, our business model delegates property management services to “best-in-class” and “hands on” property managers. Our expectations for issue monitoring and escalation are clearly captured within property management agreements that articulate our service level expectations and performance KPIs.

In terms of escalating issues at the property level, the asset manager is responsible for escalating all key issues to the Swiss Life AM UK Investment Risk Committee (Principle 2). The IRC meets every Monday - with additional meetings as and when required – to discuss acquisition, disposal, and asset management initiatives. A typical asset management matter requiring the attention of the IRC might relate to tenant engagement, leasing, or refurbishment project issues affecting investment performance.



The Paragon - Bristol, UK

The IRC typically agrees a course of risk mitigation that the asset manager is responsible for implementing. Subsequent reviews of the issue and risk mitigation programme are taken until the matter is resolved.

Issues requiring more urgent, real-time responses at the property-level are typically a delegated responsibility of the local property manager. It is common practice within the direct real estate industry for external property managers to resolve “on the ground” issues, which reiterates their importance as a critical service provider within Swiss Life AM UK's operational model.

As outlined in Principle 8, we clearly define the scope of delegation, authority and responsibility within formal Property Management Agreements, and include formal notification processes for significant issues such as major complaints received from tenants, criminal damage to the property, or major security incidents. Formal escalation processes exist to account for situations when the property manager may require a real-time response from Swiss Life AM UK as investment manager, however, such incidents are rare, and none occurred during the period.

Furthermore, the slow speed at which real estate activities tend to unfold at the property-level means that Swiss Life AM UK's IRC processes would still be capable of identifying, mitigating and resolving risks in an appropriately timely fashion without disruption to the day-to-day functioning of a mandate. Regardless, all Swiss Life AM UK Asset Managers are instructed to alert the Chief Investment Officer if an exceptional issue arises that requires urgent response or mitigation in real-time by the Investment Manager.

Exceptions to Issue Escalation Procedures

Swiss Life AM UK is predominantly a direct manager of UK real estate (with no full delegation of investment management to third-party investment managers on our behalf). All issues across our mandates are monitored by the Swiss Life AM UK team in London.

In select cases, issue escalation procedures differ when the role of the property manager is augmented, internalised or subcontracted to an external third-party. In such events, issue escalation procedures are amended as follows:

1. Non-UK Direct Property Investments

As illustrated by Graph 6.3 on p.35, approximately 1.0% of total Swiss Life AM UK AUM relates to direct real estate assets domiciled outside of the United Kingdom, namely a single office asset in Dublin managed on behalf of Swiss Life’s CH European Properties fund. Despite being located outside of the UK, Swiss Life AM UK is still employed to fulfil asset management services for this asset due to Dublin’s close geographic proximity to the UK. Property management for this asset is outsourced to a local, “best-in-class” manager (consistent with our business model) ensuring that we maintain a local but constant approach to service provision. Issues are monitored by the asset management team based in London.

Generally, Swiss Life AM UK will employ Swiss Life Asset Managers-affiliated managers to fulfil asset management services on investments made by Swiss Life AM UK funds outside of the UK and Ireland. For example, a former UK-domiciled fund previously acquired property assets in Germany. In this case, the Swiss Life AM UK-managed fund employed two Swiss Life Asset Managers subsidiaries – SLAM Germany in Munich, and BEOS in Regensburg – to fulfil on-ground asset management services. Issues were monitored by the fund management team based in London via close alignment and collaboration with Swiss Life Asset Managers colleagues in Germany. In all cases, issues relating to non-UK assets managed by Swiss Life AM UK funds are still monitored by our team in London and escalated to the Swiss Life AM UK IRC.



The Lennox Building - Dublin, Ireland

2. Indirect Property Investments

Indirect real estate investments comprise less than 1% of total Swiss Life AM UK AUM. These investments are managed by external managers and therefore involve engagement with third-party fund managers. Indirect investments would typically be selected to provide access to areas of the market that require specialist management, or where the typical lot sizes are too large for our investors to access directly while maintaining diversification. Examples include investing in central London offices or the student accommodation sector. We do not invest in listed real estate securities to gain property exposure for clients. Full due diligence is undertaken whenever a decision is taken to invest in a third-party fund, embracing financial analysis and a wide range of factors such as GRESB Scoring for environmental aspects (Principle 7) and thematic fit with our investment strategy (Principle 1).

Issue monitoring for indirect investments is a responsibility of the Swiss Life AM UK fund manager. Indirect asset issues are escalated to the Swiss Life AM UK IRC and subsequently raised to external managers of the respective investment such as the fund Advisory Committee if necessary.



Residential project - Brighton, UK

3. Operational Real Estate (Self-storage sector)

As outlined earlier in this report, we grew our exposure to operational real estate and the UK self-storage market in 2024. Property management for our self-storage portfolio is undertaken by an internalised operational company (a wholly-owned subsidiary of Swiss Life AM UK) which is responsible for managing potential issues such as tenant complaints and property faults. Issue escalation procedures therefore function similarly to other mandates, whereby “on the ground” issues at the property-level remain a responsibility of the local property manager (in this case, the operating company). Formal escalation processes exist to account for situations when the operating company may require a real-time response from Swiss Life AM UK as Investment Manager. We also maintain clear customer complaint and dispute resolution protocols, which are set out and articulated to customers.



UK self-storage assets

4. Specialised Investment Sectors (Single-family housing)

We continued to make acquisitions in the single-family housing sector in 2024 via our partnership with specialist, UK residential investment manager, Hearthstone. Regarding the escalation of potential issues, we maintain clear lines of communication and delineation of responsibilities, with the local property manager (Connells) reporting directly to Hearthstone, who escalate to Swiss Life AM UK as the ultimate Investment Manager. All urgent issues are escalated directly to Swiss Life AM UK as required, aligning with our existing issue escalation framework for other direct property mandates. We have also established clear approval levels to establish clarity in regard to decision-making. For example, we have established approval levels on OPEX and CAPEX between the Property Manager, Asset Manager, and Swiss Life AM UK as Investment Manager. ●



UK single-family housing assets

Outcomes – Issue Escalation

There were no formal issue escalation events raised to the Swiss Life AM UK Investment Risk Committee (IRC) during 2024. We are providing the following three case studies from previous years to illustrate how we manage potential issues that may arise across our investment activities:

1. Potential risks relating to the global banking sector

On Monday 20th March 2023, Swiss Life AM UK CIO, Tim Munn, used the IRC forum to discuss unfolding events in the global banking sector – including Silicon Valley Bank (SVB) announcing insolvency, and the subsequent announcement of Credit Suisse’s acquisition by UBS on Sunday 19th March in a last-minute bail out deal.

The UK IRC discussion included an assessment of potential issues and whether defensive measures needed to be taken. It was confirmed that Swiss Life Asset Managers had already developed and circulated a same-day press release for investors on Monday 20th March, outlining that the banking system in Switzerland was continuing to function normally. Further, Credit Suisse had already been placed on Swiss Life Asset Managers’ restricted purchase list for quite some time, and therefore, as a group, there was minimal exposure. It was widely agreed that this event might lead to implications in the European office sector as Credit Suisse has many office-based employees around Europe (and particularly in Switzerland), however, Swiss Life AM UK has no exposure to Credit Suisse within the UK market.

Therefore, the UK IRC concluded there was no apparent immediate risk relevant to our UK business. Finally – and in line with Swiss Life Asset Managers’ press release distributed on Monday 20th March 2023 – the UK IRC concluded that given the vast array of imponderable factors relating to the economic impact of events within the global banking sector (including the consequences for monetary policy and the risks for certain companies), it was too early to adopt a clear position vis-à-vis the market at the time, and no explicit further action was required.

2. Procedural improvements to flood risk assessments

As outlined within Principle 11 of our 2022 report, our issue escalation procedures in 2022 prompted a review of our flood risk assessment policy, resulting in enhancements to the policy and its associated processes. A follow-up action during 2023 was that we completed Flood Risk analysis on our entire standing portfolio, incorporating full, deep-dive climate risk reviews on each asset using MSCI ESG Research’s Climate Value-at-Risk (CVaR) analysis.

On Monday 2nd May 2023, our Head of UK Research, Strategy & Risk presented outcomes from this exercise to the UK IRC. On a fund-level, each of the Funds outperformed the MSCI benchmark for physical CVaR. The following actions were also noted as completed:

1. We checked that each standing asset had an historical flood risk assessment on file (completed before acquisition / prior to the improvements of our standards).
2. We checked each existing assessment against our updated flood risk policy to ensure adherence to our current standards.
3. We identified outlier assets without an existing assessment or sufficient information on MSCI to analyse for flood risk.
4. We highlighted the handful of assets identified which present a high physical risk.

Separately, in conducting the analysis, some examples were found where the flood risk assessment undertaken at acquisition dated back between 8-15 years, raising the question of whether a flood risk assessment should have an expiry date, after which time another assessment should be triggered. We subsequently raised this point with an external flood risk expert at CBRE, who confirmed that large river models are updated on a rolling basis, and that flood risk assessments should be checked after around 10-years as the mapping may have changed.

During our Monday 2nd May 2023 meeting, the IRC agreed that running standing assets through an additional

assessment after 10 years would be beneficial to identify cases where an asset is not aligned with our revised Swiss Life Asset Managers Flood Risk policy (developed in 2022). Subsequent to the meeting, our Head of UK Research, Strategy & Risk held meetings with UK Fund managers of the related assets to understand the risks of assets flagged as ‘high physical risk’. We then appointed CBRE to complete assessments on all properties without existing flood risk assessments.

This example once again illustrates our approach to continuous improvement of our risk management processes, and the effectiveness of our issue escalation procedures.

3. Potential environmental risk identified during due diligence for a new acquisition

On 25th August 2023, our UK Transactions team escalated a potential environmental risk to the IRC concerning a new residential asset being considered in Godalming, Surrey for one of our UK funds. As part of standard investment due diligence, our team commissioned an environmental assessment for potential contaminated land and flood risk. Following a review of data and historic flood mapping, the environmental consultant provided a risk opinion stating, “*the property is at moderate to high risk of on-site contamination and low to moderate risk of contamination from off-site sources*”. Elevated contamination risk was associated with the site’s historical uses as a factory, laundry and ambulance station, which were reported as “*likely to have caused contamination*”. We note that these reports are predominantly computer generated with limited human input. Nevertheless, the report identified that further action was required.

The IRC subsequently decided to instruct Colliers Building Consultancy Limited to review the environmental risk of the site prior to completion of the acquisition. Colliers completed a review of third-party environmental reporting in connection with the proposed acquisition to determine whether the site was suitable for purchase. Colliers were provided a remediation strategy and interim verification report by the vendor. The verification report (produced in

2023) revealed that the site had already undergone extensive remediation works both prior to and during construction to support the redevelopment of the site into residential dwellings. The remediation strategy had been completed in full during 2021-22 by the vendor, and only the verification process remained outstanding. Initial verification reports indicated that measures taken to meet the requirements of the remediation strategy were sufficient and further contamination was not anticipated. Further, the remediation works were considered to have been very technically achievable and there was no technical reason why the continued documented verification of these works should not occur.

It was clarified that full verification could not be achieved until after practical completion (‘PC’) of the dwellings, which had only just taken place. The final verification report was to be submitted to the Local Planning Authority before the end of August 2023. Following extensive analysis, Colliers were able to anticipate that, “*no significant issues of environmental concern are likely to be present that would result in a significant risk of liability for the site owner*” once the verification works were submitted. Therefore, Colliers advised that in respect to environmental liability, there was “*low to medium risk associated with the site*”, which could be reduced to “low” following issuance of the final verification reports and discharge of final planning conditions.

On 29th August 2023, members of the IRC reviewed and agreed with the findings of Colliers who formally advised that the Fund’s environmental liability was “low”. IRC members requested access to the draft verification report ahead of submission to the Local Planning Authority to allow an opportunity to review the content. Subject to this, all IRC members provided their support to proceed with the acquisition, which we subsequently completed.

This process highlights our ability to integrate material environmental and climate change matters into our issue escalation processes, which we are constantly in the process of improving upon.

Principle 12

Signatories actively exercise their rights and responsibilities

Engagement with stakeholders is critical to our responsible investment approach and fiduciary duty as investors.

Proxy Voting Policy

At Swiss Life Asset Managers, we believe that engagement with stakeholders related to our investment portfolios is critical to our responsible investment approach and fiduciary duty to investors. Encouraging active and transparent dialogue with our investee companies is a powerful tool for reducing risk while fostering the readiness for a more sustainable future. Active stewardship leads this objective by promoting engagement in-line with positive economic development.

Swiss Life AM UK maintains an explicit Proxy Voting Policy that drives how we exercise voting rights to the benefit of our Funds and investors. The overall aim of the policy is to reflect Swiss Life AM UK's investment philosophy and objectives, as well as to meet client and other relevant stakeholder needs. The policy considers responsible investment, stewardship, ethical and investment guidelines.

Our funds principally invest in direct property assets. Our Proxy Voting Policy relates to indirect investments held in third-party funds or collective investment schemes, which invest in real property assets. As of 31st December 2024, less than 1% (0.87%) of total Swiss Life AM UK AUM related to indirect investments. This allocation specifically relates to the Residential 2 fund, a closed-ended vehicle providing mezzanine finance to developers of residential properties in Greater London and the Southeast of England.



The Storage Team - St. Helens, UK

As part of our Proxy Voting Policy, we review all environmental and social-related votes and actively promote ESG-related matters where we hold a seat on the board of an investee company.

Where Swiss Life AM UK invests in a third-party fund, we will actively engage with the manager, attend all fund briefings and vote on resolutions at EGMs and AGMs. If there is an investors' committee, we will either seek representation or engage with the representative for minority investors to improve governance on such issues as redemption procedures, modernisation of trust deeds, etc.

A copy of our Proxy Voting Policy is made available to investors on request. Information on how Swiss Life AM UK has voted, in relation to a specific fund, is disclosed in the relevant fund's annual report and audited financial statements (within the Fund Manager's Report).

We did not receive any opportunities to exercise our voting rights during the 2024 calendar year. Regardless, we have provided the adjacent case study to indicate how we have exercised our voting rights in the past. We are prepared to exercise our rights and responsibilities as responsible investors where necessary in future. ●

Case Study

Escalation of an issue relating to an Indirect property investment

A fund managed by Swiss Life AM UK held units in a third-party fund (an "Indirect" real estate investment). We decided to sell our units in the fund, and having served our redemption notice, the manager of the related third-party fund failed to engage with us. It subsequently transpired that there were failings in that third-party fund's liquidity plan meaning our redemption could not be met in accordance with the trust deed. Income was also being used to support capital meaning that income distributions were also suspended. Furthermore, there was a lack of clarity over aspects of the redemption mechanism in the trust deed of the third-party fund.

As a result, we escalated the position by engaging with solicitors to represent our interpretation of the trust deed and regulatory position to the manager whilst working closely with the representative of the minority investors on the third-party fund's advisory committee to flag the issue and reach a solution for the benefit of all investors.

*We enable people to lead
a financially self-determined life.*