



SwissLife

# *Green Bond Framework*

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## Introduction

As a leading European provider of comprehensive life and pensions and financial solutions, Swiss Life Group (Swiss Life) contributes directly to society and enables people to lead a self-determined life.

Swiss Life views corporate responsibility as an integral part of its corporate management. We aim to act sustainably and responsibly in our fields of activity. The basis for all our activities is provided by the ethical values and instructions contained in our Code of Conduct<sup>1</sup>. Swiss Life is conscious of its important societal role and acts responsibly in business, as an employer, in society and towards the environment. Since March 2016, Swiss Life publishes an annual Corporate Responsibility report as an integral part of the annual report<sup>2</sup>.

## Memberships

As of the date of this framework, Swiss Life is a member of organisations and networks focused on sustainability topics, as well as co-signatory of several related initiatives.

These include the following:

- Principles for Responsible Investment (PRI): [unpri.org](http://unpri.org)
- Task Force on Climate-related Financial Disclosure (TCFD): [fsb-tcfd.org](http://fsb-tcfd.org)
- UN Global Compact (UNGC): [unglobalcompact.org](http://unglobalcompact.org)
- CDP (formerly Carbon Disclosure Project): [cdp.net](http://cdp.net)
- Global Reporting Initiative (GRI): [globalreporting.org](http://globalreporting.org)
- Global Real Estate Sustainability Benchmark (GRESB): [gresb.com](http://gresb.com)
- Institutional Investors Group on Climate Change (IIGCC): [iigcc.org](http://iigcc.org)
- European Sustainable and Responsible Investment Forum (Eurosif): [eurosif.org](http://eurosif.org)
- Forum Nachhaltige Geldanlagen (FNG): [forum-ng.org](http://forum-ng.org)
- International Corporate Governance Network (ICGN): [icgn.org](http://icgn.org)
- Swiss Climate Foundation / Klimastiftung Schweiz: [klimastiftung.ch](http://klimastiftung.ch)
- Energie-Modell Zürich: [energiemodell-zuerich.ch](http://energiemodell-zuerich.ch)
- Living Every Age (LEA): [lea-label.ch](http://lea-label.ch)
- Observatoire de l'Immobilier Durable (OID): [o-immobilierdurable.fr](http://o-immobilierdurable.fr)
- Plan Bâtiment Durable: [planbatimentdurable.fr](http://planbatimentdurable.fr)
- Groupe de Travail ASPIM Label ISR (Investissement Socialement Responsable): [aspim.fr/investissement-socialement-responsable.html](http://aspim.fr/investissement-socialement-responsable.html)

Further details of Swiss Life's approach are provided in the company's Annual Corporate Responsibility Report<sup>3</sup> and on the website.<sup>4</sup>

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<sup>1</sup> <https://www.swisslife.com/en/home/about-us/corporate-governance/principles-of-corporate-governance.html>

<sup>2</sup> <https://www.reports.swisslife.com/reports/swisslife/annual/2018/gb/English/1070/corporate-responsibility.html>

<sup>3</sup> [www.swisslife.com/en/crpdf](http://www.swisslife.com/en/crpdf)

<sup>4</sup> [www.swisslife-am.com/responsible-investment](http://www.swisslife-am.com/responsible-investment)

## Investment strategy

Swiss Life's investment strategy is designed on a sustainable and long-term basis and harmonized with insurance liabilities. The company's investment policy is oriented towards long-term and stable returns. Swiss Life bases all its investment decisions on the stipulations of the supervisory authorities and is committed to holistic and value-oriented risk management.

In addition to its legal obligations, Swiss Life observes ethical principles and systematically integrates Environmental, Social and Governance (ESG) considerations into risk management and investment decisions.

### **Approach to Responsible Investment**

- Systematic integration of ESG factors into investment process and risk management covering all asset classes and entities, both for Proprietary Asset Management (PAM) and Third-Party Asset Management (TPAM)

### **Securities**

- Independent ESG research and rating data (MSCI) integrated into investment management systems
- Directly available for each investment decision

### **Real estate and infrastructure**

- Guidelines, processes and KPIs for analysis, including ESG factors
- Applicable during the whole lifecycle of an asset (investment/development/operational level)

### **Engagement/proxy voting**

- ESG criteria considered in voting guidelines
- Votes on sustainability issues subject to close scrutiny.

## Rationale for Issuance

Swiss Life recognises that the insurance industry plays an important role in sustainable development both as a provider of risk solutions but also as a responsible steward of capital. The company wishes to re-emphasise its commitment to responsible investing and its focus on contributing to sustainability. In this context, Swiss Life allocates, and will allocate in the future, capital in ways which facilitate an effective response to global challenges such as climate change. We believe that a green bond issuance is a valuable way of demonstrating this commitment to the market.

## Use of Proceeds

The Swiss Life Green Bond Framework has been developed in alignment with the Green Bond Principles as published by ICMA in June 2018.

An amount equal to the net proceeds of any Swiss Life Green Bond issuance will be used to finance and/or refinance Eligible Green Assets as defined below.

Eligible Green Assets are defined as investments supporting economic activities in the specified categories presented in the section below, which have been made in the timeframe starting two years prior to the date of issuance of any Green Bond issued and ending at maturity of that Green Bond. Swiss Life anticipates that an amount equal to the total amount raised by any Green Bond issued will be allocated to Eligible Green Assets, on a best efforts basis.

## Eligible Green Assets

An amount equal to the net proceeds of any Swiss Life Green Bond issuance will be used to finance and/or refinance Eligible Green Assets at any of the following levels:

- 1) Investment level: Acquisition of real estate assets either through direct investment or through investment in real estate funds
- 2) Development level: Development, redevelopment, renovations and/or refurbishment of real estate assets.

Investments at both levels will be made in accordance with Swiss Life's Responsible Investment strategy, which includes the following key principles:

- Integrating ESG considerations in each investment decision to generate long-term risk-adjusted returns and to increase the quality of the portfolios
- Alignment with the Principles for Responsible investment (PRI)
- Evaluations performed in accordance with the Global Real Estate Sustainability Benchmark (GRESB) and
- Improve the environmental and social performance of real estate assets through a proactive approach along the investment cycle.

Swiss Life will consider assets or investments in assets as eligible if they fulfill any of the following criteria:

<b>Building certification</b>	<b>Certification level</b>
Minergie <sup>5</sup>	Minergie, Minergie-P, Minergie-A, Minergie ECO
LEED <sup>6</sup>	Gold or better
BREEAM <sup>7</sup>	Excellent or better
HQE <sup>8</sup>	Excellent or better

<b>Other criteria</b>	
Energy class label <sup>9</sup>	B or better
Share of renewable energy	50% or more

<b>For redevelopments, reconstruction, renovations, refurbishments</b>
Investments leading to one of the building certifications listed above
Investments leading to energy class label B or better
Investments explicitly targeting a reduction of greenhouse gas emissions of at least 30%

Eligible real estate assets / investments are anticipated to contribute toward the following United Nations’ Sustainable Development Goals<sup>10</sup>:



<sup>5</sup> [www.minergie.ch](http://www.minergie.ch)

<sup>6</sup> <http://leed.usgbc.org/>

<sup>7</sup> [www.breeam.com/](http://www.breeam.com/)

<sup>8</sup> [www.behqe.com/](http://www.behqe.com/)

<sup>9</sup> Swiss Life internal classification based on the Swiss standard SIA 2031:2016. Energy class label ‘A’ corresponds to ≤ 42 kwh/m<sup>2</sup> energy reference area; ‘B’ corresponds to 60-42 kwh/m<sup>2</sup> energy reference area

<sup>10</sup> <https://sustainabledevelopment.un.org/>

## Exclusions

Allocations will be made as specified above. For the avoidance of doubt, allocations will not be made to investments directly linked to:

- Fossil-fuel energy
- Nuclear energy
- Gambling
- Tobacco
- Alcohol
- Weapons.

## Process for Project Evaluation and Selection

In the context of any proposed Green Bond issuance, ‘project’ is understood to refer to the process of selecting eligible assets against which an amount equal to the Green Bond proceeds will be allocated. To ensure that allocations are made to Eligible Green Assets as specified above, Swiss Life will establish a Green Bond Committee.

The Green Bond Committee will be responsible for:

- Ensuring that the proposed allocations are aligned with the Swiss Life Responsible Investment Policy
- Ensuring that the proposed pool of Eligible Green Assets is aligned with the categories as specified in the Use of Proceeds section above, and approving any proposed changes to the pool in the event that the existing assets no longer meet the eligibility criteria (e.g. following divestment, liquidation, concerns regarding alignment of underlying activity with eligibility criteria etc.) and
- Reviewing and approving allocation and where relevant, allocation and impact reports.

The Green Bond Committee will be comprised of the following representatives:

- Head of Capital Management
- Chief Risk Officer (Asset Managers)
- Head of Responsible Investment
- Head Real Estate Portfolio Management PAM CH<sup>11</sup> (asset owner).

The composition of the Committee may be altered or supplemented from time to time in the event that the Framework is extended in the future to cover other categories of Eligible Green Assets.

The Committee will meet on an annual basis to review proposed allocations and ensure these are made in line with the specified uses indicated above.

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<sup>11</sup> PAM CH – Proprietary Asset Management Switzerland

## Management of Proceeds

Swiss Life will establish an internal process to select Eligible Green Assets, and will track allocations matched to the proceeds of any Green Bond. Swiss Life intends to fully allocate an amount equal to the net proceeds to Eligible Green Assets as specified above.

Pending allocation, proceeds will be invested on a temporary basis in accordance with Swiss Life's liquidity management activities, and in accordance with the relevant internal Swiss Life policies.

The Proprietary Asset Management and Capital Management functions will jointly hold responsibility for the management of proceeds.

## Reporting

Within 1 year of issuance, and annually thereafter for the life of any Swiss Life Green Bond, or until the proceeds have been fully allocated, Swiss Life will provide an external report to investors, which will be made available publicly via the Swiss Life Group website at <https://www.swisslife.com/en/home/investors/bonds-and-ratings.html>

It is anticipated that the report will include:

- Total allocations to Eligible Green Assets
- The amounts of financing versus refinancing and
- The amount of unallocated proceeds.

Swiss Life also intends to report on environmental impact of its Eligible Green Assets, subject to the availability of suitable information and data<sup>12</sup>. In particular, Swiss Life intends to report on CO<sub>2</sub> emissions avoided on the following basis:

- The differential of the selected assets' greenhouse gas emissions compared to a benchmark asset (GHG differential per m<sup>2</sup> energy reference area)
- The impact of renovations and construction on the assets' greenhouse gas emissions (GHG reduction per m<sup>2</sup> energy reference area).

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<sup>12</sup> Data may be based on either measurements or estimations



## External review

Sustainalytics have provided a Second Party Opinion on the Swiss Life Green Bond Framework. The Second Party Opinion is available on the provider's website at [www.sustainalytics.com](http://www.sustainalytics.com).

Swiss Life also intends to commission a 'Compliance Review' within 1 year of issuance on any Green Bond, with the intention of confirming that the Green Bond proceeds have been allocated in accordance with the specifications made in the Use of Proceeds table above.

## Disclaimer

This Green Bond Framework is intended to provide non-exhaustive, general information as of the date hereof. The information in this document has not been independently verified and Swiss Life does not make any representation regarding any information incorporated herein. Any forward-looking statements contained herein solely reflect Swiss Life's current views and expectations at the date hereof and are subject to risks and uncertainties. They may not be taken or relied upon as forecasts, guarantees or promises regarding future events, developments or performance.

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