SwissLife
Asset Managers

Swiss Life Asset Management AG Voting Policy

May 2019

1 Purpose

The purpose of this Voting Policy is to set out the rules and principles which Swiss Life Asset Management Ltd, based in Zurich (hereinafter “SLAM CH” or “the fund management company”), respectively its voting rights advisor follow, in order to exercise the relevant voting rights in the investors’ best interests and in a consistent, standardised manner.

2 Legal references

This Guideline is based on

- the Collective Investment Schemes Act (CISA), dated 23 June 2006;
- the Collective Investment Schemes Ordinance (CISO), dated 22 November 2006;
- the Code of Conduct of the Swiss Funds & Asset Management Association SFAMA, as amended from time to time (current version of 7 October 2014; Code of Conduct SFAMA).

3 Exercising voting rights in the investors’ interests

The fund management company is invested in equities of Swiss and foreign companies through its management of collective investments. By investing indirectly in the collective investments issued by the fund management company, investors permit the fund management company to exercise the voting rights in a fiduciary capacity at annual general meetings. It exercises the voting rights in the investors’ best interests.

The fund management company is supported by a recognized, independent voting rights advisor when exercising its voting rights. At the same time, it always reserves the option to exercise its voting rights independently.

a) The fund management company always votes for listed companies if the equity weight proportion of the company relative to the NAV of the relevant Swiss collective investment scheme lies above a 2% intervention threshold or

b) if the stake in the share capital of an issuer held by a Swiss collective investment scheme lies above a threshold 0.5% or

c) if the external proxy voting advisor provides SLAM CH with an ESG alert. In such a case, the ESG alert will be analysed by the responsible investment officer.

This Voting Policy contains the key principles which the fund management company applies when assessing proposals submitted by the relevant Board of Directors or shareholders or transfers to its voting rights advisor.

For routine business which does not sustainably affect investors’ interests, the fund management company generally votes in line with the Board of Directors’ proposal. In the opposite case, the voting principles listed under title 4 below apply to the fund management company and its voting rights advisor.

4 Voting rights policy of the fund management

The main voting principles of the fund management company in terms of selecting key agenda items are listed below.

4.1 Annual Report

Approval of the annual report is only declined if serious deficiencies are apparent, if the usual standards in terms of information content are blatantly disregarded or facts are withheld which entered the public domain in other ways during the reporting year.

A rejection also ensues if the annual report or financial statements were not published early enough prior to the annual general meeting.

4.2 Discharge of the Board of Directors

The motion to discharge the members of the Board of Directors is rejected if the Board of Directors or the members of the Executive Board can be held responsible for serious deficiencies in the management or ultimate direction of the company or if there is sufficient suspicion thereof.

The same applies if the company is guilty of serious violations of employees’ social rights or becomes guilty by association of serious violations of its suppliers’ employees’ social rights or if there is sufficient suspicion thereof.

4.3 Application of the balance sheet profit and distribution practice

The proposed application of balance sheet profit is voted against if it appears disproportionate to the company's financial situation and prospects or if it is incompatible with investors’ interests.

If the proposal is to replace the dividend distribution with a share buy-back plan, Swiss Life Asset Management Ltd will vote against it.

The application is rejected if the dividend is replaced by a repayment of par value that substantially impairs the shareholders’ right to include an item on the agenda.

4.4 Election of Directors

A new election or reelection is rejected if there is insufficient information on the candidate to assess his or her potential contribution to the Board.

The candidate will be rejected if he/she is not of good reputation or does not offer any guarantee of impeccable conduct and attitude.

Concerning Swiss companies, the fund management company normally votes against candidates who hold the presidency of the Board of Directors and the position of CEO at the same time (double mandate). Exceptions can be made if the double mandate is a transitional solution and there are organisational structures in place to ensure checks and balances.

The candidate is rejected if he is not considered independent and, at the same time, the board level of independence is not in line with local best practice.

4.5 Election of the statutory auditor

The Board's proposal to elect or reelect the statutory auditor is rejected:

- if there is evidence of a specific instance of misconduct or if there is a risk of conflicts of interest endangering the independent exercise of the audit mandate;
- if the name of the external auditor was not provided prior to the annual general meeting;
- if the disclosure of the various consulting services provided by the statutory auditor is insufficient to assess the statutory auditors' independence;
- if the work performed by the lead auditor responsible for the mandate was recently severely criticised in relation to a similar mandate;
- if the statutory auditor demonstrably failed to recognise detrimental fraud or weaknesses in the internal control system, which had a significant impact on the company's result;
- if the fees for non-audit services exceed the local practice.

4.6 Compensation

The compensation system can provide the wrong type of incentives, which are not in the company's or its shareholders' interests. The compensation report is therefore rejected if it fails to comply with the following principles:

- The compensation system must be presented clearly and comprehensively. Long-term incentive systems must contain clear performance criteria. The compensation amount must have an upper limit.
- The compensation must match the service provided and be oriented to long-term capital appreciation for the shareholder. Guaranteed payments or payments subject to a large degree of discretion are to be avoided.
- Contracts which involve a significant payment even in the event of managerial failure are not acceptable.

4.7 Amendments and additions to the articles of association

Proposals by the Board of Directors are normally approved, especially if they improve corporate governance, strengthen shareholders' rights in a constructive way and eliminate inequalities between types of share.

Proposals by the Board of Directors are rejected, if they:

- lead to a restriction of shareholders' rights;
- jeopardise equal treatment of shareholders or voting shares;
- create excessive approved or conditional capital relative to the registered share capital, or if the information about their intended application is vague;
- create conditional capital to boost option plans governed by non-transparent conditions, or if they permit disproportionate entitlement to compensation;
- reduce share capital through repayment of par value or cancellation of equities, leading to a significant weakening of equity capital or equity structure;
- bring about a change which has a negative impact on the rights or interests of all or some of the shareholders;

- bring about a change which has a negative impact on the long-term interests of the majority of stakeholder groups in the company.

4.8 Responsible Investment

Responsible investment is the integration of environment, social and governance ("ESG") factors into investment decisions via a controlled and structured investment process. ESG factors are a subset of nonfinancial performance indicators which include ecological, ethical and corporate governance issues. In recent years, ESG factors have gained in importance in society, politics and also among the investors. This ties in with SLAM CH's longstanding focus on generating sustainable long-term return.

For SLAM CH, it is of utmost importance to protect the entrusted and managed assets from the impacts of financial and non-financial risks. Assessing, engaging, ongoing controlling and reporting of the integration of ESG criteria is becoming best practice for prudent asset management and forms part of SLAMC CH's holistic asset management approach. The integration of ESG criteria is covered inter alia in various phases and sub-processes of SLAM CH's investment process. As part of this, ESG-related voting items are reviewed carefully on a case-by case basis based among others on the recommendation provided by a dedicated responsible investing team.

SLAM CH supports proposals which sustainably improve the management of the company according to recognized principles or which promote ethical, social or economic aspects, provided they are compatible with the company's strategic orientation.

5 Enactment and Update

This Voting Policy has been issued on 7 May 2019 and will be regularly updated.