

Responsibility in Business

Swiss Life maintains high standards for its consulting, service and product range. Diligence and responsible action form the basis for successful business operations as well as for long-term, sustainable customer and business relationships.

Customer Centricity

Customer orientation is a strategic thrust at Swiss Life and part of the Group-wide programme “Swiss Life 2018”. Swiss Life aims to improve customer satisfaction by the end of 2018, along with its offerings and its customer centric working methods.

Progress on customer satisfaction

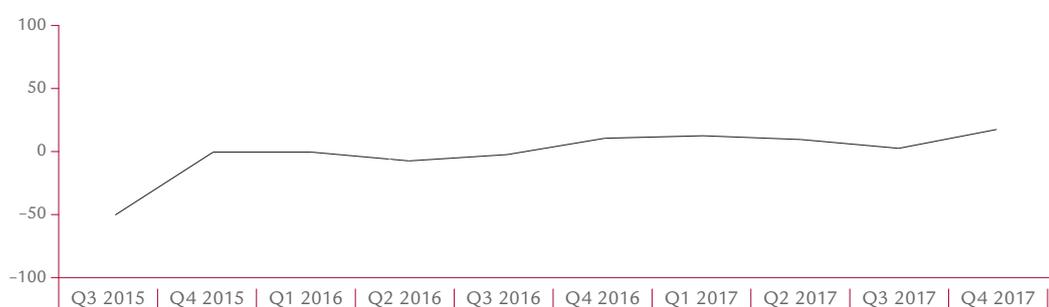
Swiss Life continuously assesses customer feedback at the key contact points in close collaboration with an independent market research institute. Customers are asked about their experience, satisfaction and willingness to recommend Swiss Life directly following contact with the company. Anyone who gives a negative response is contacted within 48 hours. This allows Swiss Life to ensure it has understood the reason for a negative review and to offer the customer a solution, as well as to identify systemic problems and drive process optimisation measures. All customer feedback is analysed locally by the customer centricity managers and their teams. The processes derived from this analysis are established and anchored in the organisation.

A key evaluation criterion in customer satisfaction surveys is now the Net Promoter Score (NPS), which indicates a customer’s willingness to recommend a provider to family and friends. Swiss Life Switzerland has carried out an analysis to demonstrate the importance of willingness to recommend as an indicator, with some 53% of customers surveyed explaining that they had learned about Swiss Life by word of mouth from family and friends. The development of the NPS is the subject of regular reporting and is included in the performance review of employees with customer contact.

Over the past four years, the NPS at Swiss Life has trended favourably across all contact points, thanks to regular feedback analysis and the measures developed in response.

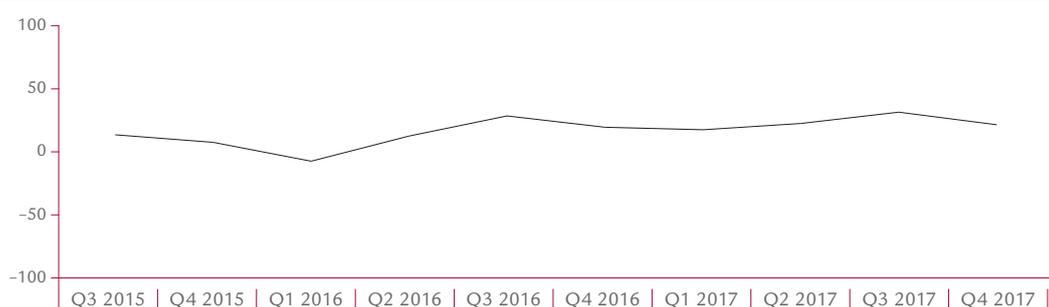
One example of this trend is provided by the customer letters in Germany, many of which had expressed dissatisfaction with the overly complicated nature of their content. As a result, the customer letters were made more comprehensible and given a better structure, which in turn had the effect of reducing calls to the Munich customer service center by 25%. The positive development of the NPS at the customer service center confirms that this measure has had a long-term positive effect on willingness to recommend.

The development of the NPS at the postal contact point in Germany



In Switzerland, too, the NPS at the Service Center contact point has seen a significant increase. Feedback is evaluated daily and shared with employees. The fact that the performance assessment comes directly from the customer has raised awareness among employees of their own service and given them additional motivation to improve in those areas subject to criticism.

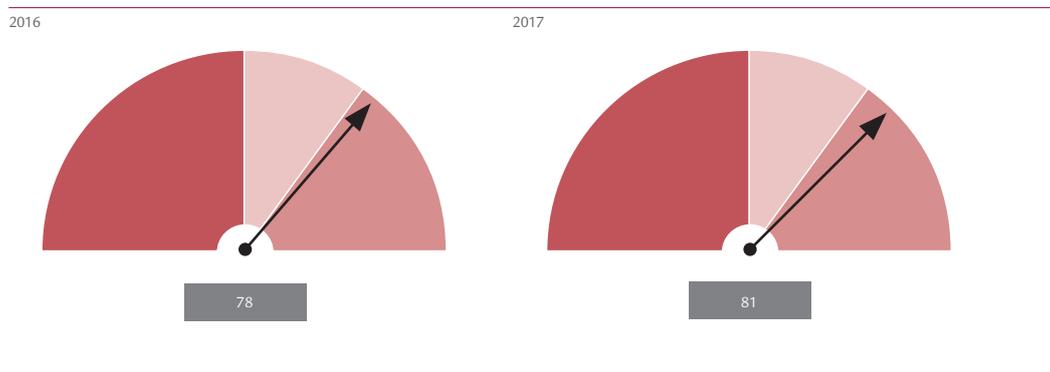
The development of the NPS at the Service Center contact point in Switzerland



Promoting and consolidating a customer centric work culture

In addition, Swiss Life annually surveys the perception of customer orientation through an online questionnaire for its employees. The Employees' Customer Centricity Index (ECCI) summarises the results. The Index rose in 2017 by three percentage points over the previous year to 81%. Internal perception of customer centricity improved in 2017 in relation to all areas surveyed.

Employees' Customer Centricity Index (ECCI)



All of the national companies have launched initiatives to promote innovation, with employees invited to take part in the development of new processes. They constitute a major source of ideas, are familiar with the organisation and its processes from their everyday work and can see where improvement might be needed.

In Switzerland, design thinking is important when it comes to anchoring a client-centric methodology in an organisation. In 2017, methods derived from the design-thinking approach were used for a strategic initiative – addressing the 65+ age group – beginning with an intensive evaluation of the target group. This in turn led to the development of ideas for offerings, which were then tested directly with potential customers. The development process for new products and services can thus be designed with great efficiency, leading to new business opportunities for Swiss Life.

In Germany, focus groups comprising employees from various departments are used to continuously develop and test new services and processes. Thus in 2017, for example, a digital service point was established for sales, to allow financial advisors to order new documents or address their questions directly to the main service centre.

In France there are biannual “Innovathons” at which employees from the whole organisation propose practical improvements to processes, services or products, discuss them in mixed teams and plan their implementation. These Innovathons have led to such innovations as a guideline for call center staff and the adaptation and improvement of internal work and management tools.

Products and Services

Swiss Life has over 160 years of experience in developing innovative and customer-oriented products in its life insurance and pensions business. Swiss Life's activities are always based on its customers and their needs. Swiss Life aims for its customers to lead their longer lives in an assured and self-determined way.

The Swiss Life product strategy thus combines optimal customer value with profitability for the company. Regulators' demands, regarding such things as solvency, as well as external factors like the economic and interest rate environment or demographic trends, must also be considered. Optimising and constantly developing the existing range of offerings so as to take into account all target groups, such as customers, investors, shareholders and supervisory authorities, are crucial in this endeavour.

The company offers private and corporate clients comprehensive and individual advice plus a broad range of proprietary and partner products through its own agents, financial advisors and distribution partners. Swiss Life Select, the subsidiary specialising in financial planning for private households and brokering financial products, as well as the advisers of Tecis, Horbach, Proventus and Chase de Vere, use the Best Select approach to let their customers choose the product from the market that suits them best. This provides customers with access to the product range of the best providers in the market. In Germany, Swiss Life has developed a product for people who cannot afford conventional occupational disability insurance that allows them to insure their labour at favourable rates. Swiss Life thus does its part to help those living on lower incomes optimise their provisions and close gaps in coverage.

Transparent product information

Swiss Life sets great store by transparent and accessible information about product and service offerings. Swiss Life supports customer-oriented advice by providing clear and comprehensive documentation. Swiss Life holistically promotes the comprehensibility and transparency of its products and services. Thus there are supporting video sequences on the various insurance and provisions topics available on the local internet pages or customer portals, along with publications for download.

Long-term benefit commitments and obligations arising from pension and financial products demand a precise preliminary analysis of the legal and regulatory environment, and the associated risk. This also provides the basis for customer-oriented consulting and is a major factor in the avoidance of mistakes or violations in advising, and their possible consequences.

The practical design of products and services is guided by Group-wide standards and is in strict accordance with the local regulatory environment and legislation. The ability of Compliance to make adjustments even to existing products and services is guaranteed. Group-wide standards for the development of products and services are also adapted to framework conditions as required.

Product management is regulated through a number of directives at Group level. Swiss Life has established a uniform, auditable product development process to that end. This process defines the minimum requirements of local product development as well as the approval and escalation process for initiatives at Group level. The observance of laws and provisions, practical customer value and the quality of customer documentation are naturally essential criteria in the assessment process.

Group-wide compulsory regulations are implemented locally in the relevant directives. Swiss Life regularly reviews its product solutions.

Compliance at Swiss Life

Swiss Life sets great store by compliance with all applicable legal provisions and regulatory stipulations in all its activities. The Code of Conduct is an important tool in compliance terms. It contains Swiss Life's values and principles as well as the rules of conduct, which are binding for all employees.

The Code of Conduct contains behavioural guidelines on the following themes:

Integrity and trustworthiness	Avoidance of conflicts of interest, mandates and secondary commercial activities as well as benefits in kind and invitations, insider information
Representing Swiss Life externally	Competencies and authorisations, corporate communication and corporate identity
Confidentiality and data protection	General information on data handling, special protection of personal data and commercial secrets, need-to-know principle, data security and use of IT resources
Money laundering and due diligence requirements	Customer identification and monitoring of business relationships for money-laundering purposes and the financing of terrorism
Conduct towards customers	Due diligence in advising and how to deal with complaints
Cooperating with business partners	Due diligence in the selection of business partner
Products	Review of products
Contracts and agreements	Contracts, anti-competitive behaviour and copyright
Personal conduct and security at the workplace	Non-discrimination, dealing with private activities, collegiality and handling access rights
Reporting of material misconduct and implementing the Code of Conduct	Identifying and reporting misconduct, notification of investigations or proceedings and implementing the Code of Conduct

Swiss Life has a comprehensive directives system as well as a Code of Conduct. The directives contain binding Group-wide minimum standards implemented in all business units and included in the regulations for the local offices. Regular training ensures that the employees are kept informed about the relevant compliance themes and directives. New employees are trained in the Code of Conduct and essential rules of behaviour upon commencing employment, and all employees must undergo refresher training every two years. Participation in such training courses is mandatory and subject to monitoring, and the aim is a 100% success rate. Divisions for which the regulator has prescribed more frequent training must undergo refreshers more often. Swiss Life has established processes to ensure adequate identification, management and control of compliance and data protection risks. The duties, responsibilities and competencies in terms of compliance are also included in the directives system.

Data protection

Group-wide standards for data protection have been defined to provide guidelines for the establishment of data classification and the management of personal data, highly sensitive information and trade secrets. The individual divisions have their own data protection officers and ensure that their employees are all regularly trained in the material. Data security is part of risk management. More information on risk management may be found in the Annual Report pages 72 to 74.

Lawful business activity

Compliance monitors and assesses the legal and regulatory environment, taking account of local legislation. The aim is not to infringe any legal and/or regulatory requirements, and to prevent all forms of corruption and bribery. Swiss Life also considers it very important to comply with sanctions and embargos. Regular risk assessments as well as permanent and comprehensive compliance reporting to the top echelons provide support for the implementation of all requisite measures at Group level and within the business units. The compliance framework is subject to periodic review and is reworked and adapted to new prerequisites as necessary.

Swiss Life incurred no monetary penalties or fines during the year under review, nor did the company make any settlements in connection with corruption charges.

Sustainable Profitability

The economic performance and sustainable profitability of Swiss Life are fundamental requirements for the long-term success of its corporate management. The consistent implementation of its Group-wide programmes has allowed Swiss Life to continuously increase its operational effectiveness in past years and to further develop its business model in a difficult political, social and economic environment.

Swiss Life's operations are oriented towards the long term. We must be able to keep promises we make to our customers for decades. That is why long-term investing plays a central role in the life insurance business. Swiss Life has crafted its investment strategy to ensure that the interest margin remains positive even when interest rates stay low for more than three decades. What is more, Swiss Life has not ceased developing its business model over recent years, and has reduced its dependency on investment results by expanding its fee business. With its successful enhancement of asset management for third parties, owned IFA channels and new initiatives, such as consulting or real estate broker business, Swiss Life has significantly increased the contribution made to its result by so-called fee business. In addition to the focus on profitability, capital efficiency remains a relevant control parameter in new business.

Swiss Life reports regularly on its strategic priorities, its medium-term business goals and associated financial objectives. In November 2015, Swiss Life presented its Group-wide programme "Swiss Life 2018". The Group-wide programme comprises practical financial objectives for a period of three years. In addition to its further expansion of fee and commission business, Swiss Life aims to consistently focus all business processes on its customers and invest in the continuing development of its business model. The investments are to be primarily in digitalisation, quality of advice and organic growth initiatives. With these measures, Swiss Life is pursuing the further development of its business model and laying the groundwork for the company's continuing sustainable profitability. Swiss Life also reported regularly on the progress of its "Swiss Life 2018" Group-wide programme during the reporting period and announced that it would disclose its new strategic targets at an Investors' Day to be held on 29 November 2018.

Further information on the Group-wide programme and strategy of the Swiss Life Group may be found in the Annual Report pages 8 to 11.

Responsible Investing

At the heart of Swiss Life's mission as an asset manager for its proprietary insurance companies and for third parties – such as pension funds, other insurers and private investors via collective investments – are the protection of customer funds and the optimal allocation of risk capital. Invested assets must be secure, profitable and liquid in their entirety.

Swiss Life's investment strategy is designed on a sustainable and long-term basis and harmonised with insurance liabilities. The goal of the investment policy is to create long-term and stable returns for both customers and the company. Assets are diversified as a rule, which means they are spread among several different asset classes. Due to the long-term nature of its liabilities, Swiss Life invests predominantly in fixed-income securities, such as government and corporate bonds, in real estate and in equity and infrastructure investments. Swiss Life bases its investment decisions on an established and multi-level investment process combined with holistic and value-oriented risk management.

As an asset manager, Swiss Life represents its customers' interests. The company is aware of its responsibility, as demonstrated by its actions in investment allocation and the exercise of its voting rights.

Assets under management¹ – breakdown by asset class

As at 31.12.2017



¹ Total assets under management for insurance business and third-party clients

Swiss Life also takes further criteria for sustainable investing into account per asset class, in addition to the regulatory requirements of the supervisory authorities in the various countries where the company is present. A company's reputation and its concomitant entrepreneurial conduct also play a role in the selection process for investments, since behaviour damaging to a given company's reputation can lead to a lower valuation.

In third-party business, Swiss Life responds to individual customer wishes, including with sustainable investing. Swiss Life in France, for example, is committed to ecological, social and governance criteria (ESG) with reference to special securities products. For certain customer groups in the United Kingdom, real estate funds are structured in conformity with the investment guidelines for sustainability. These investment guidelines are comparable with the United Nations Principles for Responsible Investment (UNPRI).

Sustainable Construction and Renovation

Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. The long-term maintenance and appreciation of the potential of its properties is of central importance to Swiss Life's investment activities on behalf of its policyholders and customers. Decisions are thus unaffected by short-term return considerations, but rather oriented to the long-term property life cycle. The sustainability strategy, an integral part of the real estate strategy for Switzerland, is dedicated to the strategic goal of ensuring the sustainable development of the real estate portfolio. Measures and methodologies of social or ecological value are weighed up against potential economic costs and pursued where feasible. A materiality analysis developed in Switzerland to identify the essential sustainability aspects of real estate management has determined that 18 aspects of 12 themes – from the domains of society, the economy and the environment – are of material importance. The themes of location, building structure and expansion, operation and maintenance, and energy use for heating and cooling were accorded very high material importance.

Swiss Life invests some CHF 300 million every year in its existing properties in Switzerland as part of the operational implementation of its sustainability strategy. These investments focus on operational optimisations in energy use and the identification of construction measures to improve energy efficiency. Swiss Life thus deals responsibly with resources and takes steps to meet the challenges arising from climate change. What is more, such active property management allows Swiss Life to harmonise the utilisation options and quality of its buildings with market requirements, and thus to minimise vacancies.

When it comes to new construction projects in Switzerland, Swiss Life aims to achieve the Minergie® standard (or other sustainable construction standards) and indeed significantly exceeds legal stipulations on most projects. Switzerland's first certified 2000-watt area is being constructed in Zurich under the name of "Greencity". The easily accessible neighbourhood in the city's Leimbach district uses energy from renewable sources, and its residential properties meet the Minergie® P-Eco standard. Swiss Life owns a residential and commercial development on two lots in "Greencity" with 204 apartments and some 1000 m² of commercial space.



“Greencity”, Zurich’s 2000-Watt area
© Losinger Marazzi/Mike Niederhauser

A similar project is planned in Geneva, where a residential and commercial development with some 1500 apartments and around 30 000 m² of office and commercial space is to go up on the centrally located “Caserne des Vernets” development area beginning in 2019. Three hundred apartments are reserved for students. The development is also guided by the stipulations of the 2000-watt society. In addition, the residential property conforms to the Minergie® Eco standard. Together with seven investors and a development team, Swiss Life won the canton of Geneva’s investor competition. The project unites private investors, housing cooperatives and the public sector. Swiss Life will build a high-rise with 239 apartments and another offering office and commercial options (24 500 m² rental space).

The potential for increasing inner-city density is subject to ongoing analysis and scouting to ensure that it is pursued in the most suitable locations. In Chêne-Bougeries in the Canton of Geneva, for instance, where an existing development had two storeys added, with a concomitant addition of residential space, Swiss Life has been able to successfully implement such increased density. Projects like these allow Swiss Life to successfully fulfil its promise to make an active contribution to sustainable urban development and maintain Switzerland’s high quality of life over the long term.



Increased density thanks to added storeys in the canton of Geneva

Sustainability strategies and activities are also being implemented in Germany and France. The business unit in France publishes its efforts in the name of sustainable investing in the form of a semi-annual report in cooperation with the independent rating agency Ethifinance. It is also a member of a working group within ASPIM (Association française des sociétés de placement immobilier) currently evaluating the development of a sustainability certificate for real estate funds in France. The Swiss Life subsidiary Corpus Sireo, a real estate service provider in Germany, works with a handbook containing recommendations for saving on resources in everyday business. The French and German branches are members of national committees for sustainable real estate.

Risk and trend monitoring

All risks in the real estate area are continuously monitored at the property level and subject to detailed oversight using cutting-edge analytical and benchmarking methods. The focus of this scrutiny is on property and market risks as well as the early detection of structural and socio-economic changes.

Sustainable Procurement

When selecting suppliers, Swiss Life bases its decisions on ethical and ecological principles and works with local suppliers whenever possible.

The Swiss Life Group's need for external products and services in the insurance field comprises mainly the following areas:

- Advisory services (inc. management and IT consulting)
- Recruiting (head-hunting, brokering of temporary labour)
- IT infrastructure (e.g. software and hardware as well as IT services)
- Facility-management services (security personnel, building maintenance, cleaning etc.)
- Office and advertising supplies
- Long-term lease of cars (especially in France)
- Refreshments
- Travel
- Gas and electricity

Swiss Life mainly uses the following external services for its real estate operations:

- Architecture and expert planning services (e.g. general contractors, architects, construction physicists and engineers etc.)
- General construction services (e.g. building contractors, manual workers, painters, plasterers, horticulturists)

Guidelines for suppliers

In its own operations, Swiss Life sets great store by high ecological and social standards and expects its business partners and suppliers to likewise meet high sustainability standards, and to fulfil their responsibility to their employees and society. In its contracts with service providers, Swiss Life France explicitly requires compliance with human rights and the prevention of clandestine employment and child labour. This is also the case at other locations of the Swiss Life Group, thanks to legal provisions. All companies in all locations that wish to work with Swiss Life must have a system ensuring compliance with all applicable laws.

Swiss Life prefers products and services from companies that have implemented a certified environmental protection system (ISO 14001 or EMAS).

Swiss Life in Germany and France currently does not request a certified environmental management system according to ISO 14001 or EMAS from its partners. Swiss Life Germany does, however, review products procured for their environmental compatibility and recyclability.

Our principles for sustainable procurement

<p>Our standards as a consumer</p>	<ul style="list-style-type: none"> ✓ We treat our suppliers fairly ✓ We communicate clearly and understandably ✓ We are neutral
<p>Our expectations of our suppliers</p>	<ul style="list-style-type: none"> ✓ Compliance with Swiss Life principles ✓ Compliance with the law at all times assured ✓ Open and honest communication with the principal
<p>Our expectations for products and services</p>	<ul style="list-style-type: none"> ✓ Satisfaction of Swiss Life's general expectations regarding the people, the environment and compliance ✓ Environment-friendly distribution, transport and production appropriate to the product