

Swiss Life Funds (LUX)

Bond ESG Emerging Markets Sovereigns

Legal entity identifier: 2549004KEEMSFKKY9110

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Summary

This sub-fund falls within the scope of Article 8 under the Sustainable Finance Disclosure Regulation (SFDR) of the EU.

No sustainable investment objective: The financial product promotes environmental or social characteristics but does not have sustainable investment as its objective.

Environmental or social characteristics of the financial product: The sub-fund promotes environmental and social characteristics by investing in emerging markets which make progress towards achieving the SDGs.

Investment strategy: The sub-fund manages its portfolio of investments pursuant to a policy which includes the principles of (i) ESG significant approach, and (ii) negative screening.

Proportion of investments: The sub-fund is expected to invest at least 51% of its NAV directly in issuers that integrate environmental and social characteristics.

Monitoring of environmental or social characteristics: The monitoring of environmental and/or social characteristics is built on the three lines of defense model, which consist of: (i) the portfolio manager, (ii) investment controlling team and the risk management team; and (iii) independent assurance (audit functions).

Methodologies: The methodologies to measure how environmental and/or social characteristics are met consist of: (i) the SDG score of the emerging markets sovereign, which must be higher than its reference universe; (ii) a negative screening for countries (exclusion of countries which do not guarantee their citizens the basic conditions for “living a self-determined life”); and (iii) the ESG rating (MSCI ESG Research) of corporate issuers (exclusion of issuers with the lowest ESG ratings).

Data sources and processing: The portfolio manager shall rely on the internal and external data sources, such as, inter alia, SDG score index and MSCI ESG. Broad data quality checks are conducted over data sources, before being taken as it is from the data provider and fed into our portfolio management and risk system.

Limitations to methodologies and data: The main limitations to methodologies and data were identified for the various sources such as the SDGs and ESG methodology developed by MSCI used by the sub-fund. Different measures in the ESG approach, regular exchanges with data providers and SLAM’s assessment of the evolution of methodologies from various data providers are all mitigating the risks of having the attainment of the E/S characteristics affected by the limitations identified.

Due Diligence: Due diligence reviews are conducted on of all internal and external data on an ongoing basis. Furthermore, the environmental and/or social characteristics and the sustainability

indicators are monitored on a daily basis by the Portfolio Manager. Oversight and guidance is also provided by the Investment controlling team and risk management team to ensure that environmental and/or social characteristics and the sustainability indicators are systematically monitored and remain compliant.

Engagement policies: Swiss Life Asset Managers has an overarching engagement and voting activities approach which does not target any fund or product specifically, but rather investee companies.

Designated reference benchmark: The sub-fund does not use a reference benchmark to assess the environmental and/or social characteristics it promotes.

1) The English version of this summary is the legally binding version whereas the French and German summaries are translations only.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have sustainable investment as its objective.

Environmental or social characteristics of the financial product

The sub-fund promotes environmental and social characteristics by investing in emerging markets which make progress towards achieving the 17 Sustainable Development Goals of United Nations (the "SDGs").

The SDGs are at the heart of the 2030 Agenda for Sustainable Development which was adopted by all United Nations Member States in 2015, which provides a shared blueprint for peace and prosperity for people and the planet.

Investment strategy

The sub-fund manages its portfolio of investments according to the Swiss Life Asset Managers' Responsible Investment Policy and follows the following investment strategy:

ESG significant approach: The sub-fund applies a significant approach based on the Sustainable Development Goals (SDG). This approach intends to favor countries which are making progress towards achieving the SDGs. Debt securities are either classified into a sovereign or corporate bucket, primarily based on MSCI ESG classification or if necessary by another appropriate approach. The sub-fund's ESG approach is defined in comparison with its reference universe, considered representative of the sub-fund's investment strategy. The sub-fund ensures that its SDG score of the emerging markets sovereign part is higher than its reference universe.

The reference universe used is JP Morgan ESG EMBI Index (excl. ratings below B-).

Negative screening: In addition, the sub-fund seeks to mitigate sustainability risks by excluding or restricting:

- countries which do not guarantee their citizens the basic conditions for "living a self-determined life". Restriction or exclusion apply if several of the following criteria are not fulfilled: freedom of expression and opinion, a peaceful environment, sound institutions

and government's integrity, viable living conditions on the planet for future generations, and guaranteed fundamental labor rights.

- corporate issuers with the lowest ESG absolute performance according to MSCI, including ESG ratings and controversies and principal adverse impacts.

The portfolio manager of the sub-fund excludes or restricts new investments in issuers or sectors that belong to prohibited lists defined by the management company of Swiss Life Funds (LUX). For sovereign issuers, investment is for example prohibited for countries that fall under the Financial Action Task Force (FATF) blacklist. The prohibited lists are provided on the Swiss Life Asset Managers' [Responsible Investment Policy](#), which is available on the Swiss Life Asset Managers Luxembourg's website.

The sub-fund's binding elements are:

- negative screening and mitigation of sustainability risks by excluding or restricting countries or issuers;
- the sub-fund ensures that the SDG score (based on the score of the SDG (Sustainable Development Goals) score Index) of its emerging market sovereign part is higher than the SDG score of the sub-fund's reference universe.

Policy to assess good governance practices of the investee companies: Not applicable.

Proportion of investments

The sub-fund is expected to invest at least 51% of its net asset value (NAV) directly in issuers that integrate environmental and social characteristics. The sub-fund is allowed to invest the remainder of its NAV in cash, cash equivalents, issuers that do not systematically integrate environmental and social characteristics, investments in other UCITs/UCIs and/or derivatives instruments.

Monitoring of environmental or social characteristics

The monitoring of environmental and/or social characteristics is built on the three lines of defense model, supported by formal governance processes, individual responsibilities, and senior management oversight, ensuring independent risk monitoring and control activities.

- First Line of Defense: The Portfolio Manager is responsible for identification, assessment, controlling and management of environmental and/or social characteristics and the sustainability indicators on a day-to-day basis.
- Second Line of Defense: Investment controlling team and risk management team are responsible for oversight and guidance ensuring that environmental and/or social characteristics and the sustainability indicators are systematically monitored and remain compliant.
- Third Line of Defense: Independent assurance of effectiveness and efficiency of processes on environmental and/or social characteristics and the sustainability indicators monitoring (audit functions).

Methodologies

Sustainable Development Goals (SDG): The SDG index score provides a comprehensive assessment of distance from targets based on the most current data available covering all 193 UN Member States. Where possible, the SDG index score uses official SDG indicators endorsed by the UN

Statistical Commission. Where there are data gaps or insufficient data for an official indicator, we include other metrics from official and unofficial providers. The data included in this assessment come from a mix of official and non-official sources. Most (around two thirds) are drawn from the databanks of international organizations (FAO, ILO, OECD, UNICEF, WHO, World Bank, and other sources) which follow extensive and rigorous data-validation processes.

As part of its ESG significant approach, the portfolio manager takes into account the Sustainable Development Goals (SDG) based on the SDG (Sustainable Development Goals) score Index. This approach intends to favor countries which are making progress towards achieving the SDGs. Debt securities are either classified into a sovereign or corporate bucket, primarily based on MSCI ESG classification or if necessary by another appropriate approach. The sub-fund ensures that its SDG score of the emerging markets sovereign part is higher than its reference universe.

Negative screening for countries (proprietary research)

The sub-fund does not invest in countries which do not guarantee their citizens the basic conditions for “living a self-determined life”. Restriction or exclusion apply if several of the following criteria are not fulfilled: freedom of expression and opinion, a peaceful environment, sound institutions and government’s integrity, viable living conditions on the planet for future generations, and guaranteed fundamental labor rights.

This screening is made via a proprietary methodology, that relies on various recognized data sources (non-governmental organisations, international institutions, rating agencies). Collected data points are ranked in three categories reflecting the three ESG pillars: environmental, social and governance. A threshold is defined for every data point, in order to generate negative flags. If a country receives several negative flags on the governance pillar, or on the environmental and social pillars in parallel, it is added to the exclusion list. This screening is updated every year.

ESG rating (MSCI ESG Research)

As part of its ESG analysis, the portfolio manager relies on the expertise of a recognized rating agency, MSCI ESG Research, and its ESG rating methodology. The sub-fund cannot invest in corporate issuers with the lowest ESG ratings.

The analysis is based on a set of criteria that are generic to all issuers and then sector-specific criteria. Depending on the sector, additional assessments can be carried out on specific criteria (e.g., renewable energy production for utilities, development of clean vehicles and passenger safety for the automotive industry, or green finance and efforts to promote access to financial services in the banking industry).

Among the criteria assessed on each of the 3 pillars, are:

- Environment: the level of greenhouse gas emissions, water consumption, waste recycling rate, etc.
- Social: health and well-being of employees, safety and quality of products, supplier selection process, etc.
- Governance: quality of the board of directors, executive compensation criteria, business ethics, etc.

For each of the criteria that apply, MSCI ESG evaluates two complementary elements:

- Risk exposure: MSCI ESG measures an issuer's exposure to risks which are related to a key criterion, considering its specificities (for example, the nature of its activities and the distribution of its geographical locations).
- Risk management: MSCI ESG evaluates the policies and processes implemented by an issuer, as well as the trend on relevant indicators to assess its performance (for example, obtention of environmental certifications or evolution of the accident rate, etc.).

Data sources and processing

As part of its ESG analysis of issuers, the portfolio manager relies on internal and external data sources to attain each of the environmental and social characteristics promoted.

KPI	Data sources used to attain each of the environmental or social characteristics promoted	Measures taken to ensure data quality	Data processing	Proportion of data that are estimated
SDG score of the emerging markets sovereign part is higher than its reference universe	SDG (Sustainable Development Goals) score Index	Input data is sourced from the SDG (Sustainable Development Goals) score Index. Broad data quality checks are conducted. Potential changes in measurements and definitions are carefully assessed each year.	Data is taken as it is from the data provider and fed into our portfolio management and risk system	none
Exclude corporate issuers that receive negative ESG assessment (ESG rating, controversies)	MSCI ESG	The data from MSCI is fed via file transfer protocol (ftp) transfer. Before the data is stored in our portfolio and risk management systems, broad data quality checks are conducted. Several automated checks ensure good data quality in terms of format, mapping and consistency on a daily basis.	Data is taken as it is from the data provider and fed into our portfolio management and risk system	none

		The data from MSCI is fed via file transfer protocol (ftp) transfer. Before the data is stored in our portfolio and risk management systems, broad data quality checks are conducted. Several automated checks ensure good data quality in terms of format, mapping and consistency on a daily basis.		
Exclusions	<ul style="list-style-type: none"> • MSCI ESG • Financial Action Task Force (FATF) • Schweizer Verein für verantwortungsbewusste Kapitalanlagen (SVVK-ASIR) • SIX 		Data is taken as it is from the data provider and fed into our portfolio management and risk system	none

Limitations to methodologies and data

To determine the non-financial quality of the securities in the portfolios, the sub-fund relies on various sources of data and methodologies such as the Sustainable Development Goals and the ESG methodology developed by MSCI and in particular on the ESG rating resulting from this model and data. The main methodological limitations can be summarized as follows:

Sustainable Development Goals

- Missing or deficient disclosure by some issuers of information that is used as an input into the SDG score index.

Negative screening (proprietary research)

- Raw data that are used to build the screening are usually updated once a year, and may reflect historical practices.
- The predefined thresholds for the screen may be insufficient to prevent any investment in a country with high ESG risks, but they reduce the risk to do so.

ESG rating (MSCI ESG Research)

- Missing or deficient disclosure by some issuers of information that is used as an input into the MSCI ESG rating model. This limitation is mitigated by MSCI ESG through alternative data sources external to the issuer to feed its model;
- Problem related to the quantity and quality of ESG data to be processed by MSCI ESG (large flow of information received on a continuous basis to be integrated into the ESG rating model): this limitation is mitigated by MSCI ESG by the use of artificial intelligence technologies and many analysts who work to transform raw data into relevant information;
- Problem related to the identification of information and factors relevant to ESG analysis, but which is addressed upstream of the MSCI ESG model for each category of issuers, according to their specificities: MSCI ESG uses a quantitative approach validated by the

expertise of each sector specialist and the opinion of investors, to determine the most relevant ESG factors for a given sector or issuer.

The portfolio manager mitigates the risk of having the attainment of the E/S characteristics affected by the limitations above, by applying different measures in the ESG approach that can compensate some limitations of the methodologies taken individually (SDG Goals, ESG rating, etc.). Besides, Swiss Life Asset Managers regularly exchanges with its data providers to encourage some improvements. Finally, Swiss Life Asset Managers assesses the evolution of methodologies from various data providers, and may adapt its approach to benefit from positive innovations.

Due diligence

Data quality checks: The asset manager conducts due diligence reviews of all internal and external data on an ongoing basis, and continuously assesses if new data providers can improve the analysis and models. The asset manager exercises due diligence when using third party ESG data providers in its investment process. It covers the coverage of the data set, the significance of data points, the methodology of data research, gathering and aggregation. Daily checks for pre-defined thresholds and checks for outliers run across all ESG data vendors. Checks are focused on ESG attributes which are used according to internal investment rules.

Monitoring of E/S characteristics: The Portfolio Manager is responsible for identification, assessment, controlling and management of environmental and/or social characteristics and the sustainability indicators on a day-to-day basis.

Investment controlling team and risk management team are responsible for oversight and guidance ensuring that environmental and/or social characteristics and the sustainability indicators are systematically monitored and remain compliant.

Engagement policies

Swiss Life Asset Managers has an overarching engagement and voting activities approach which does not target any fund or product specifically, but rather investee companies.

Designated reference benchmark

The sub-fund uses a variety of ways to assess its environmental and/or social performance but does not use a reference benchmark to assess the environmental and/or social characteristics it promotes.

Additional documentation and information: The periodic reporting of Swiss Life Funds (LUX) as well as its prospectus (including the SFDR precontractual appendices) are available from the management company of Swiss Life Funds (LUX) as [well as on the website https://invest.swisslife-am.com/](https://invest.swisslife-am.com/). [The periodic disclosure of the sub-fund in the annual report can be found at the end of the document](#). This information is sent within one week upon the shareholder's written request to Swiss Life Investor Service, Swiss Life Asset Managers Luxembourg, 4a rue Albert Borschette L-1246 Luxembourg, Grand Duchy of Luxembourg; by email to info@swisslife-am.com, or by telephone on +352 267 585 0. These contact details can also be used to request further information if necessary.

Résumé

Le présent compartiment relève du champ d'application de l'article 8 du règlement de l'UE sur la publication d'informations en matière de durabilité dans le secteur des services financiers (SFDR). Il promeut les caractéristiques environnementales et sociales, mais n'a pas pour objectif un investissement durable.

Le compartiment applique une approche significative basée sur les objectifs de développement durable (ODD). Cette approche vise à favoriser les pays qui progressent vers la réalisation des ODD. Les titres de créance sont catégorisés comme souverains ou d'entreprise sur la base de la classification MSCI ESG principalement ou sur la base d'une autre approche appropriée selon les exigences. Le compartiment veille à ce que son score ODD de la part des titres souverains des marchés émergents soit supérieur à celui de son univers de référence, à savoir le JP Morgan ESG EMBI Index.

En outre, le compartiment vise à atténuer les risques en matière de développement durable en excluant ou en limitant :

- les pays qui ne garantissent pas à leurs citoyens les conditions de base pour « vivre selon leurs propres choix ». La restriction ou l'exclusion s'applique si plusieurs des critères suivants ne sont pas remplis : liberté d'expression et d'opinion, environnement pacifique, institutions saines et intégrité du gouvernement, conditions de vie viables sur la planète pour les générations futures et droits fondamentaux du travail garantis.
- sociétés émettrices affichant la performance absolue ESG la plus faible selon MSCI, y compris les notations ESG, les controverses et les principales incidences négatives.

Tous les indicateurs de performance clés (ICP) proviennent de l'indice de score ODD (objectifs de développement durable), pour les investissements en émetteurs souverains ou MSCI ESG dans le système de gestion de portefeuille et de risque. Ils sont suivis quotidiennement par l'équipe chargée du contrôle des investissements et l'équipe de direction des risques.

Veuillez-vous reporter à la fin du document pour une version française et allemande du présent résumé.¹⁾

¹ La version anglaise du présent résumé est la version juridiquement contraignante, alors que les résumés français et allemand ne sont que des traductions.

Zusammenfassung

Dieser Teilfonds fällt in den Anwendungsbereich von Artikel 8 der Sustainable Finance Disclosure Regulation (SFDR) der EU. Der Teilfonds fördert ökologische und soziale Eigenschaften, verfolgt jedoch nicht das Ziel einer nachhaltigen Anlage.

Der Teilfonds wendet einen signifikanten Ansatz basierend auf den Sustainable Development Goals (SDG) an. Mit diesem Ansatz sollen Länder begünstigt werden, die Fortschritte bei der Erreichung der SDG machen. Schuldpaniere werden primär basierend auf der MSCI-ESG-Klassifizierung oder, falls erforderlich, nach einem anderen geeigneten Ansatz einem Staats- oder einem Unternehmensanleiensegment zugeordnet. Der Teilfonds stellt sicher, dass der SDG-Wert seiner Position in Staatsanleihen von Schwellenländern über demjenigen seines Referenzuniversums liegt, den JP Morgan ESG EMBI Index, abgebildet wird.

Darüber hinaus strebt der Teilfonds eine Minderung der Nachhaltigkeitsrisiken an, indem er Folgendes ausschliesst oder einschränkt:

- Länder, die ihren Bürgerinnen und Bürgern keine Grundvoraussetzungen für ein «selbstbestimmtes Leben» bieten. Einschränkungen oder Ausschlüsse kommen zur Anwendung, wenn mehrere der folgenden Kriterien nicht erfüllt sind: Meinungsfreiheit, ein friedliches Umfeld, gesunde Institutionen und Integrität der Regierung, annehmbare Lebensbedingungen für künftige Generationen auf dem Planeten und garantierte grundlegende Arbeitnehmerrechte.
- Unternehmensemittenten mit der tiefsten absoluten ESG-Performance gemäss MSCI, einschliesslich ESG-Ratings und -Kontroversen sowie wichtigster nachteiliger Auswirkungen.

Sämtliche Key Performance Indicators (KPI) werden aus dem SDG-Score-Index (bei Anlagen in staatliche Emittenten) oder aus MSCI ESG in das Portfoliomanagement- und Risikosystem eingespeist und täglich durch das Investment Controlling und das Risikomanagement überwacht.

Eine französische und eine deutsche Übersetzung dieser Zusammenfassung finden Sie am Ende des Dokuments.¹

¹ Die englische Version dieser Zusammenfassung ist rechtlich verbindlich, bei der französischen und der deutschen Version handelt es sich lediglich um Übersetzungen.

Art. 10 SFDR Disclosure, published on 15 July 2024

Review of disclosures

As required by Article 12 of the SFDR, please find below the explanation of the amendments brought to the website disclosures, published in accordance with Article 10 of the SFDR:

Date	Explanations of amendments
10.03.2021	Initial document created.
01.01.2023	Update following the entry into force of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports.
5 May 2023	Update to bring the website disclosures in line with the prospectus of Swiss Life Funds (LUX) and pre-contractual disclosures of Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended, of Swiss Life Funds (LUX) – Bond ESG Emerging Markets Sovereigns.
8 January 2024	Update to bring the website disclosures in line with the latest prospectus of Swiss Life Funds (LUX) and pre-contractual disclosures of Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended, of Swiss Life Funds (LUX) - Bond ESG Emerging Markets Sovereigns.
15 July 2024	Update to bring the website disclosures in line with the latest prospectus of Swiss Life Funds (LUX) and pre-contractual disclosures of Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as amended.

Art. 10 SFDR Disclosure, published on 15 July 2024

the detailed information on the investment fund contained in all the regulatory documentation for each fund (in particular prospectus, articles of association, periodic reports, PRIIPS KIDs), which serve as the sole applicable legal basis for the purchase of fund shares. More information is available at www.swisslife-am.com. Source: Swiss Life Asset Managers / ©2022. All rights reserved. Customer Service: info@swisslife-am.com