

Swiss Life Funds (LUX)

## Equity Environment & Biodiversity Impact

Legal entity identifier: 254900CMYC5QBVF00T49

ISIN: LU2349917364, LU2349917521, LU2349917950, LU2349917109, LU2349917877

### Summary

This sub-fund falls within the scope of Article 9 under the Sustainable Finance Disclosure Regulation (SFDR) of the EU.

The sub-fund seeks to achieve a positive environmental impact by investing in companies that contribute to prevent and control pollution, protect marine and terrestrial ecosystems, or preserve biodiversity.

Specifically, the sub-fund invests in companies which products and services support the following UN's Sustainable Development Goals (SDGs):

- "Responsible Consumption and Production" (SDG 12)
- "Life Below Water" (SDG 14)
- "Life on Land" (SDG 15)

The sub-fund is expected to invest at least 80% of its NAV in companies that contribute to the attainment of the sustainable objective. The sub-fund also aims to achieve at least 30% of its weighted average revenue generated from products and services that contribute to the fund's sustainable investment objective. The classification of products and services, as well as the revenue share that companies attain from them, are assessed by MSCI ESG Research (see MSCI Sustainable Impact Metrics - Methodology).

All key performance indicators (KPIs) are fed from MSCI ESG into our portfolio management and risk system and are monitored on a daily basis by the investment controlling team and risk management team.

Swiss Life Asset Managers may seek to engage and/or exercise its voting rights with portfolio companies on relevant ESG issues.

Please refer to the bottom of the document for a French and German translation of this summary.<sup>1)</sup>

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

### No significant harm to the sustainable investment objective

The sub-fund considers principal adverse impacts on sustainability factors, and intends to mitigate its negative impact by limiting overall exposure to issuers with the worst PAI score.

The PAI score is derived from a proprietary model that translate each individual mandatory PAI indicators value into a score based on its severity (PAI indicators value are provided by external data vendors). All individual PAI indicators scores are then summed up to constitute the issuer PAI score. As per our methodology, the lower the resulting score, the better.

The sub-fund monitors the occurrence of controversies on environmental, social and governance issues and excludes issuers with the most severe ones through its exclusion criteria and the sustainability safeguards described below.

A severe breach means any detrimental impact made in violation of international standards set out in OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. In order to ensure the alignment with the principles mentioned before, issuers deemed to have violated these conventions are not considered as sustainable investments and are thus excluded.

### Sustainable investment objective of the financial product

The sustainable investment objective of the sub-fund is to prevent and control pollution, protect marine and terrestrial ecosystems, or preserve biodiversity.

### Investment strategy

The sub-fund has a sustainable investment objective and manages its portfolio of investments according to the Swiss Life Asset Managers' Responsible Investment Policy. The sub-fund follows the following investment objective to achieve this objective:

**Positive environmental impact** The sub-fund seeks to achieve a positive environmental impact by investing in companies that contribute to prevent and control pollution, protect marine and terrestrial ecosystems, or preserve biodiversity.

Specifically, the sub-fund invests in companies which products and services support the following United Nation's Sustainable Development Goals ("SDGs"):

- "Responsible Consumption and Production" (SDG 12)
- "Life Below Water" (SDG 14)
- "Life on Land" (SDG 15)

The sub-fund also aims to achieve at least 30% of its weighted average revenue generated from products and services that contribute to the sub-fund's sustainable investment objective. The classification of products and services, as well as the revenue share that companies attain from them, are assessed by MSCI ESG Research (see MSCI Sustainable Impact Metrics – Methodology).

**Regulatory exclusions** The sub-fund excludes investments in issuers involved in controversial weapons (such as antipersonnel landmines, cluster munitions, biological, chemical or nuclear weapons) and companies that fall under the Financial Action Task Force (FATF) blacklist.

**Additional exclusions** The sub-fund is not allowed to invest in issuers:

- Normative and sectorial exclusions
  - Issuers that are involved in severe ESG controversies, including breaches of the UN Global Compact principles;
  - issuers that derive more than 10% of their revenues from thermal coal mining or trading,
- that have a cumulative negative contribution to any SDGs above 5% of their revenues (such as Tobacco, Fossil Fuels, Thermal Coal, Oil & Gas, Firearms ...) using MSCI SDG contribution assessment

- with a very low ESG performance, including ESG ratings and controversies and principal adverse impacts (all referred to as “sustainability safeguards”)

If an issuer was present in the portfolio before falling into any of the additional exclusions mentioned above, the general case would be to divest from this issuer in a reasonable timeframe. However, in some specific cases, Swiss Life Asset Managers may decide to keep an issuer newly in breach and engage with the issuer if Swiss Life Asset Managers sees an opportunity for the issuer to improve and remediate the ESG issue at stake. During the engagement phase, new investments in the relevant issuer are prohibited until the outcome of the engagement is clear. If the engagement fails, divestment will be carried out and future investment in the relevant issuer will be prohibited, if it is a success the issuer will be reintroduced in the investible universe.

**Active ownership** Swiss Life Asset Managers may seek to engage and/or exercise its voting rights with portfolio companies on relevant ESG issues.

**The sub-fund’s binding elements are:**

- significant approach on SDG sustainable investment objective, defined as at least 30% of the sub-fund’s weighted average revenue generated from products and services that contribute to the fund’s sustainable investment objective
- the sub-fund is not allowed to invest in issuers that have more than 5% cumulative revenues from products or services that negatively contribute to any of the SDGs
- exclusion criteria (mentioned above)
- sustainability safeguards (mentioned above)

**Policy to assess good governance practices of the investee companies:** The sub-fund assesses company decision-making processes and controls, as well as how management balances the interests of shareholders, employees, suppliers, customers, the community and other stakeholders. Based on ESG ratings and controversies assessments, the analysis of company governance includes:

- audit and financial reporting practices
- alignment between remuneration schemes and corporate strategy
- composition, effectiveness and oversight of the board of directors
- company’s ownership and control
- tax transparency
- business ethics issues such as fraud, executive misconduct, corrupt practices, money laundering, or anti-trust violations

In addition, the sub-fund applies Swiss Life Asset Managers’ normative exclusions to avoid issuers with poor governance practices.

### Proportion of investments

The sub-fund is expected to invest at least 80% of its NAV directly in companies that contribute to the attainment of the sustainable objective. However, it is frequent that those companies do not derive 100% of their revenues solely from the economic activities that contribute to the attainment of the sustainable environmental objective. Hence, we will ensure that at least 30% of the portfolio’s weighted average revenues does contribute to the attainment of the sustainable environmental objective. The sub-fund is allowed to invest the remainder of its NAV in cash, cash equivalents, investments in other UCITS/UCIs and/or derivative instruments.

The sustainable investments of the sub-fund are not be aligned with the EU Taxonomy.

## Monitoring of environmental or social characteristics

The internal control procedures aim to ensure compliance by the portfolio with the ESG requirements are implemented by several departments: portfolio management, risk department, internal control. The latter two departments are independent – they report hierarchically to a member of the board of directors of Swiss Life Funds (LUX) who does not have an operational management function. The independent nature of these departments ensures the impartiality of the controls that are carried out.

There are three levels of internal controls:

**Level 1 controls:** The ESG investment constraints are checked before each trade from the portfolio management in our core system.

**Level 2 controls:** The risk department in charge of monitoring ESG investment constraints carries out daily post-trade controls to ensure that the fund is compliant with all restrictions.

**Level 3 controls:** The internal control department ensures that the above-mentioned tasks are carried out properly. To do so, internal control conducts random checks to ensure that:

- The ESG investment constraints have been configured correctly in the compliance manager tool,
- The ESG investment constraints have been monitored correctly by the local risk management teams,
- The departments involved in carrying out the level 1 controls have developed and complied with the procedure for carrying out these controls.

If internal control identifies anomalies, it issues recommendations with the aim of correcting them and then ensures these recommendations are implemented.

## Methodologies

### MSCI

As part of its ESG analysis, the asset manager relies on the expertise of a recognized rating agency, MSCI ESG Research, and its ESG rating methodology.

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.).

### PAI

The sub-fund considers principal adverse impacts on sustainability factors, and intends to mitigate its negative impact by limiting overall exposure to issuers with the worst PAI score.

The PAI score is derived from a proprietary model that translate each individual mandatory PAI indicators value into a score based on its severity (PAI indicators value are provided by external data vendors). All individual PAI indicators scores are then summed up to constitute the issuer PAI score. As per our methodology, the lower the resulting score, the better.

Fore more information, please refer to the “Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors” and Swiss Life Asset Managers Luxembourg’s responsible investment policy available on Swiss Life Asset Managers Luxembourg’s website, which defines the process implemented to consider PAIs.

### 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 E/S 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
Revenue alignment to Sustainable Development Goals (SDGs)	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
Sustainability Safeguards: PAI Score	MSCI ESG		Data is taken as it is and fed into the proprietary Principal Adverse Impacts (PAI) scoring model to derive the PAI Score	none
Other Sustainability Safeguards	MSCI ESG		Data is taken as it is from the data provider and fed into our portfolio management and risk system	none

<p><b>Exclusions</b></p>	<ul style="list-style-type: none"> <li>• MSCI ESG</li> <li>• Financial Action Task Force (FATF)</li> <li>• PAX for Peace</li> <li>• Schweizer Verein für verantwortungsbewusste Kapitalanlagen (SVVK-ASIR)</li> <li>• SIX</li> </ul>		<p>Data is taken as it is from the data provider and fed into our portfolio management and risk system</p>	<p>none</p>
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### Limitations to methodologies and data

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

#### MSCI ESG

- 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.

#### PAI

- The PAI score is not adjusted by sector, and may therefore generate significant biases in favour of, or against, certain sectors.
- Some of the underlying data is not available, which means that all issuers are not assessed with the same level of initial raw information.

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 (ESG score, Sustainable Development Goals, PAI score, etc.).

### Due diligence

**Direct investments:** The portfolio 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 investment strategy of the sub-fund selects, through a positive screening, companies that derive a revenue share from products & services with positive impact on climate change. The classification

of products & services as well as the revenue share that companies attain from them are assessed by MSCI ESG Research (see MSCI Sustainable Impact Metrics - Methodology).

**Indirect investments:** The underlying funds managed by management companies outside the Swiss Life Group have their own methodologies for taking ESG criteria into account. An analysis of these methodologies, both quantitative and qualitative, is carried out by Swiss Life Asset Managers in order to ensure that the approaches are consistent.

### 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.

### Attainment of the sustainable investment objective

The sustainable investments of the sub-fund are not aligned with the EU Taxonomy Regulation.

The Sub-fund aims to increase the value of your investment over the long term, while contributing to protecting natural resources including ecosystems and biodiversity.

Specifically, the sub-fund invests in companies which products and services support the following UN's Sustainable Development Goals (SDGs):

- “Responsible Consumption and Production” (SDG 12)
- “Life Below Water” (SDG 14)
- “Life on Land” (SDG 15)

The attainment of the sustainable investment objective is measured through one ESG Key Performance Indicator (“KPI”):

- At least 30% of the portfolio’s weighted average revenue shares from products & services are in economic activities that contribute to the selected SDGs

The sub-fund does not have carbon emission reduction goals as its investment objective.

The sub-fund does not use an index as its reference benchmark to attain its sustainable investment objective.

**Additional documentation and information:** The periodic reporting of the Swiss Life Funds (LUX) well as its prospectus (including the SFDR precontractual appendices) are available from Swiss Life Asset Managers Luxembourg. This information is sent within one week on 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](mailto: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 9 du règlement de l'UE sur la publication d'informations en matière de durabilité dans le secteur des services financiers (SFDR).

Le compartiment vise un impact positif sur l'environnement en investissant dans des entreprises contribuant à la prévention et à la maîtrise de la pollution, à la protection des écosystèmes marins et terrestres ou à la préservation de la biodiversité.

Plus précisément, le compartiment investit dans des entreprises dont les produits et services contribuent à la réalisation des objectifs de développement durable (ODD) des Nations Unies suivants:

- « Consommation et production durables » (ODD 12)
- « Vie aquatique » (ODD 14)
- « Vie terrestre » (ODD 15)

Le compartiment doit investir au moins 80% de sa VNI dans des sociétés contribuant à la réalisation de l'objectif de développement durable. Le compartiment a également pour objectif de réaliser au moins 30% de son chiffre d'affaires moyen pondéré à partir de produits et services contribuant à son objectif d'investissement durable. La classification des produits et services ainsi que la part des revenus que les entreprises en retirent sont évaluées par MSCI ESG Research (voir la méthodologie de mesure d'impact durable de MSCI, « Sustainable Impact Metrics – Methodology »).

Tous les indicateurs clés de performance (ICP) dans notre système de gestion de portefeuille et de risque proviennent de MSCI ESG. Ils sont suivis quotidiennement par l'équipe chargée du contrôle des investissements et l'équipe de direction des risques.

Swiss Life Asset Managers peut chercher à s'engager avec et/ou exercer ses droits de vote dans des sociétés en portefeuille sur des thématiques ESG pertinentes.

Veillez vous reporter à la fin du document pour une version française et allemande du présent résumé.<sup>1)</sup>

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 9 der Sustainable Finance Disclosure Regulation (SFDR) der EU.

Der Teilfonds strebt eine positive Auswirkung auf die Umwelt an, indem er in Unternehmen investiert, die zur Vermeidung und zur Kontrolle von Umweltverschmutzung, zum Schutz von Meeres- und terrestrischen Ökosystemen oder zur Erhaltung der biologischen Vielfalt beitragen.

Der Teilfonds investiert insbesondere in Unternehmen, deren Produkte und Dienstleistungen folgende Nachhaltigkeitsziele (Sustainable Development Goals, SDG) der Vereinten Nationen unterstützen:

- « Verantwortung bei Konsum und Produktion » (SDG 12)



- «Leben unter Wasser» (SDG 14)
- «Leben an Land» (SDG 15)

Der Teilfonds wird voraussichtlich mindestens 80% seines NAV in Unternehmen investieren, die zur Erreichung des Nachhaltigkeitsziels beitragen. Der Teilfonds will zudem 30% seines gewichteten durchschnittlichen Umsatzes aus Produkten und Dienstleistungen erzielen, die zum nachhaltigen Anlageziel des Fonds beitragen. Die Klassifizierung der Produkte und Dienstleistungen sowie der Umsatzanteil, den Unternehmen daraus erzielen, werden von MSCI ESG Research bewertet (siehe MSCI Sustainable Impact Metrics – Methodology).

Sämtliche Key Performance Indicators (KPI) werden aus MSCI ESG in unser Portfoliomanagement- und Risikosystem eingespeist und täglich durch das Investment Controlling und das Risikomanagement überwacht.

Swiss Life Asset Managers kann bei relevanten ESG-Themen eine Zusammenarbeit mit den Portfoliogesellschaften anstreben und/oder ihre Stimmrechte entsprechend ausüben.

Eine französische und eine deutsche Übersetzung dieser Zusammenfassung finden Sie am Ende des Dokuments.<sup>1)</sup>

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

## Riassunto

Il subfondo rientra nell'ambito di applicazione dell'articolo 9 del Regolamento relativo all'informativa sulla sostenibilità nel settore dei servizi finanziari (SFDR) dell'UE.

Il subfondo mira a conseguire un impatto positivo sull'ambiente investendo in società che contribuiscono a prevenire e controllare l'inquinamento, a proteggere gli ecosistemi marini e terrestri e a preservare la biodiversità.

Nello specifico, il subfondo investe in società i cui prodotti e servizi sostengono i seguenti Obiettivi di sviluppo sostenibile (SDG) delle Nazioni Unite:

- Consumo e produzione responsabili (SDG 12)
- La vita sott'acqua (SDG 14)
- La vita sulla terra (SDG 15)

Il subfondo dovrebbe investire almeno l'80% del proprio NAV in società che contribuiscono al raggiungimento dell'obiettivo di sostenibilità. Inoltre, il subfondo mira a conseguire almeno il 30% dei suoi ricavi medi ponderati da prodotti e servizi che contribuiscono all'obiettivo d'investimento sostenibile del fondo. La classificazione di prodotti e servizi, nonché la quota di fatturato che le imprese conseguono da essi vengono valutati da MSCI ESG Research (cfr. MSCI Sustainable Impact Metrics – Methodology).

Tutti gli indicatori chiave di performance (KPI) provengono da MSCI ESG e vengono integrati nel nostro sistema di gestione del portafoglio e di rischio nonché monitorati quotidianamente dal team addetto al controllo degli investimenti e dal team direttivo addetto alla gestione del rischio.

Swiss Life Asset Managers può cercare di impegnarsi e/o esercitare i propri diritti di voto con le società in portafoglio su questioni ESG rilevanti.<sup>1)</sup>

1) La versione inglese di questa sintesi è legalmente vincolante; le versioni francese e tedesca sono solo traduzioni.

Art. 10 SFDR Disclosure, Published on 4 April 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) – Equity Environment and Biodiversity Impact.
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) – Equity Environment and Biodiversity Impact.
4 April 2024	Addition of the Italian translation of the "Summary" section.

This is a regulatory document to meet the requirements of the Article 10 of the Sustainable Finance Disclosure Regulation (REGULATION (EU) 2019/2088 - SFDR) of the EU and not a marketing document. This document was produced with the greatest of care and to the best knowledge and belief. The information provided in this document reflects the actual information on the sub-fund of Swiss Life Funds (LUX). The information contained herein is exclusively intended for SFDR disclosure purposes, and should not be considered as an investment advice, investment recommendation, or a solicitation to buy or sell shares of Swiss Life Funds (LUX). Prior to any subscription, investors should obtain and carefully read 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](http://www.swisslife-am.com). Source: Swiss Life Asset Managers / ©2022. All rights reserved. Customer Service: [info@swisslife-am.com](mailto:info@swisslife-am.com).