

Swiss Life Funds (LUX)

Equity USA

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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. The sub-fund promotes environmental and social characteristics but does not have as its objective a sustainable investment.

The sub-fund aims to outperform its reference universe in the following way:

- higher overall environmental, social and governance (ESG) rating than its reference universe
- reach a 20% lower carbon footprint than its reference universe, measured in tCO₂/MEUR (tons of carbon dioxide emissions per million of euro invested in the sub-fund) including all direct and indirect carbon emissions (scope 1, 2 and 3)

Furthermore, the sub-fund aims to reach a ratio of sustainable investment of 5%.

In addition, the sub-fund seeks to mitigate sustainable risks by excluding or restricting issuers facing very severe controversies or belonging to the exclusion lists of Swiss Life Asset Managers. .

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.

The sub-fund excludes investments in issuers:

- Companies which are failing at least one of the ten UNGC principles
- Companies involved in controversial weapons
- Companies which generate a revenue of more than 10% of their revenues from mining or selling thermal coal

Swiss Life Asset Managers may seek to engage with portfolio companies on relevant ESG issues.

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

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 as its objective sustainable investment. Nevertheless, it will have a minimum proportion of 5% of sustainable investments. This is achieved by investing in:

- Corporate issuers that have robust net-zero commitments and targets aligned with recognized frameworks (e.g. MSCI net zero tracker), or derive a significant proportion of

their revenues or other measurable metrics from activities that meet these objectives, or use the proceeds of issued green bonds that meet these objectives;

- Sovereign issuers by considering the share of their expenditures towards achieving climate and social objectives, such as reducing greenhouse gas emissions, adopting renewable energy, or addressing inequality.

The sustainable investments made by the financial product adhere to a stringent Do No Significant Harm (DNSH) and Good Governance assessments.

Environmental or social characteristics of the financial product

The sub-fund promotes following environment and/or social characteristics:

- a carbon footprint at least 20% lower than its reference universe
- higher overall environmental, social and governance (ESG) rating than its reference universe.

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's ESG approach is defined in comparison with its reference universe, considered representative of the fund's investment strategy. The sub-fund aims to outperform its reference universe in the following way:

- reach a 20% lower carbon footprint than its reference universe, measured in tCO₂/MEUR (tons of carbon dioxide emissions per million of euro invested in the sub-fund) including all direct and indirect carbon emissions (scope 1, 2 and 3)
- build a higher overall environmental, social and governance (ESG) rating than its reference universe.

Furthermore, the sub-fund aims to reach a ratio of sustainable investment of 5%.

The reference universe used is the MSCI USA TR Net Index, an index that does not take into account ESG factors.

In addition, the sub-fund seeks to mitigate sustainability risks by excluding or restricting issuers facing very severe controversies or belonging to the exclusion lists of Swiss Life Asset Managers.

The sub-fund excludes investments in issuers (normative and sectoral exclusions):

- Companies which are failing at least one of the ten UNGC principles
- Companies involved in controversial weapons
- Companies which generate more than 10% of their revenues from mining or selling thermal coal

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:

- Exclusion of investments in issuers involved in the activities listed in the Swiss Life Asset Managers sectorial and norms-based exclusions (see above)
- average ESG rating better than the reference universe

- 20% lower carbon footprint than the reference universe; and
- sustainable investment of at least 5%
- Minimum 80% of its NAV, and 90% of assets excluding cash, covered by ESG investment criteria, and consequently promoting E/S characteristics.

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 companies' governance practices including:

- Sound management structures
- Employee relations
- Remuneration of staff
- Tax compliance

Good Governance is considered by the application of Swiss Life Asset Managers normative exclusions (i.e. breaches of the UN Global Compact) and assessment of material controversies, using both external data providers and internal qualitative research.

Swiss Life Asset Managers considers the following standards within this process: The UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights (UNGPR), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines) and the International Labour Organization Conventions (ILO).

Details are set out in Swiss Life Asset Managers Responsible Investment Policy (<http://www.swisslife-am.com/ri-policy>).

Proportion of investments

The sub-fund is expected to invest at least 80% of its net asset value (NAV) and 90% (excluding cash) 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

Carbon footprint (MSCI ESG Research)

The sub-fund has chosen carbon footprint as an indicator to promote environmental characteristics. The data comes from the rating agency MSCI ESG Research. It covers the three scopes of greenhouse gas emissions from companies:

- Scope 1: greenhouse gas emissions directly generated by companies' activities
- Scope 2: greenhouse gas emissions generated by the production of electricity used by companies
- Scope 3: greenhouse gas emissions generated by companies' suppliers (upstream of companies' activities) and when customers use the products and services sold by companies (downstream of companies' activities).
- For scopes 1 and 2, MSCI relies primarily on information provided by companies; however, if a company does not report its scope 1 and 2 carbon emissions, MSCI estimates them using a proprietary methodology. MSCI ESG Research uses one of the following three models, in order of preference, to estimate the carbon emissions of any company:
 1. Production model: specific to electricity utilities that generate energy, based on their energy production mix.
 2. Company-specific intensity model: based on historical data.
 3. Industry-specific intensity model: based on a comparison between industries when companies have not reported emissions data in the past.
 4. For scope 3, the level of reporting by companies is still low. Furthermore, when information is disclosed, the scope used for the calculation is often inconsistent. As a result, MSCI has developed a model to estimate scope 3 greenhouse gas emissions. This model is used for all companies, thereby enabling better comparability of data.

MSCI has developed a method for estimating scope 3 emissions across 15 categories using a combination of revenue estimates and production data. These 15 categories cover 'upstream' and 'downstream' emissions and are as follows: purchased goods, services and capital goods, fuel and energy-related activities, transport and distribution, waste generated by operations, business travel, employee travel, upstream leased assets, processing of goods sold, use of goods sold, downstream leased assets, franchises and investments. Each category follows a specific approach and formula to estimate the relevant carbon emissions. It should be noted that all 15 categories do not apply to every company. In general, MSCI uses two different approaches for estimation: bottom-up (company-specific information) and top-down (category-specific information). If bottom-up data is available, MSCI uses it as a priority. If not, MSCI relies on top-down information.

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 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.).

Sustainable investment methodologies

Methodology relating to the share of investments issued by companies credibly committed to carbon neutrality:

To assess the credibility of a company's climate-related commitments, Swiss Life Asset Managers relies on data from the rating agency MSCI ESG Research. In particular, Swiss Life Asset Managers takes the following criteria into account:

- the ambition to contribute to carbon neutrality by 2050,
- the definition of quantified targets for reducing greenhouse gas emissions that are consistent with this ambition of carbon neutrality,
- the fact that these quantified targets cover a significant scope – at least 75% – of its total emissions (scope 1, 2 and 3),
- or the fact that the company is actually keeping to the pace of the set reduction trajectory.

If a company deviated from its reduction trajectory, or even renounced certain ambitions, it would be downgraded in the MSCI analysis and would therefore lose its qualification as a “sustainable investment / company credibly committed to carbon neutrality”.

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
Reach a 20% lower carbon footprint than its reference universe, measured in tCO ₂ /MEUR (tons of carbon dioxide emissions per million of euro invested in the sub-fund) including all direct and indirect carbon emissions (scope 1, 2 and 3).	MSCI ESG, complemented by an inhouse calculation	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	Data for Scope 3 are estimates
Have a better average ESG rating than the reference universe	MSCI ESG Research			none
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 extra-financial quality of the securities in the portfolios, the sub-fund relies on various sources of data and methodologies. The main methodological limitations can be summarized as follows:

Limitations of the carbon footprint methodology (MSCI ESG Research)

- Estimation model for scope 3: The information provided by companies on scope 3 greenhouse gas emissions is still limited and inconsistent. For this reason, the methodology used by Swiss Life Asset Managers is based on data estimated by MSCI ESG Research. As with any estimated model, this implies a certain degree of uncertainty regarding the data. However, Swiss Life Asset Managers considers this approach to be reasonable, as the use of estimates for scope 3 ensures greater overall consistency than the use of partial information provided by companies.

- Double counting of carbon emissions: the same carbon emissions may be counted twice for two companies that have a customer-supplier relationship – first as scope 1 for the supplier company, and then as scope 3 for the customer company. To reduce this problem, MSCI has constructed a correction coefficient based on a data set of 12,000 companies. However, it should be noted that residual double counting affects the calculation of the carbon footprint for both the sub-fund and its benchmark universe. Swiss Life Asset Managers therefore considers that the data remains comparable between the sub-fund and the benchmark universe, and that double counting does not disrupt the sub-fund's ESG approach.

Limitations of the ESG rating methodology (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 environmental and social characteristics affected by the limitations above, by applying different measures in the ESG approach (ESG score, carbon footprint, pay-linked to sustainability, 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.

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.

Therefore, there is no specific engagement policy at the level of the sub-fund, but engagement may occur at the level of investee companies that may be included in the portfolio of the sub-fund.

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 Swiss Life Asset Managers Luxembourg as well as on the website <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 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, or by telephone on +352 267 585 0. These contact details can also be used to request further information if necessary.

Résumé

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

Le compartiment vise à surperformer son univers de référence comme suit:

- obtenir une meilleure notation environnementale, sociale et de gouvernance (ESG) que celle de son univers de référence
- présenter une empreinte carbone inférieure de 20% à celle de son univers de référence, mesurée en tonnes d'émissions de dioxyde de carbone par million d'euros investis dans le compartiment (tCO₂/MEUR) et incluant l'ensemble des émissions directes et indirectes (scopes 1, 2 et 3).

En outre, le compartiment vise à atteindre un ratio d'investissement durable de 5%.

Le compartiment entend par ailleurs atténuer les risques liés à la durabilité en excluant ou en limitant les positions sur les émetteurs impliqués dans de très graves controverses ou figurant sur les listes d'exclusion de Swiss Life Asset Managers.

Tous les indicateurs clés de performance (ICP) découlent de données MSCI ESG et sont intégrés dans notre système de gestion des portefeuilles et des risques. Ils sont surveillés quotidiennement par les équipes en charge du contrôle des investissements et de la gestion des risques.

Le compartiment exclut les investissements dans les émetteurs suivants:

- Entreprises qui ne respectent pas au moins un des dix principes du Pacte mondial des Nations unies
- Entreprises impliquées dans des armes controversées
- Entreprises qui tirent plus de 10% de leur chiffre d'affaires de l'extraction ou de la vente de charbon thermique

Swiss Life Asset Managers peut chercher à s'engager auprès des sociétés en portefeuille au sujet de questions ESG pertinentes.⁽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 EU-Offenlegungsverordnung (SFDR). Der Teilfonds bewirbt ökologische und soziale Merkmale, hat jedoch keine nachhaltigen Investitionen zum Ziel.

Der Teilfonds ist bestrebt, sein Referenzuniversum auf folgende Art zu übertreffen:

- ein besseres ESG-Gesamtrating als das Referenzuniversum
- ein um 20% kleinerer CO₂-Fußabdruck als sein Referenzuniversum, gemessen in Tonnen CO₂/Mio. EUR (CO₂-Emissionen in Tonnen je in den Teilfonds investierter Million EUR) einschließlich aller direkten und indirekten CO₂-Emissionen (Scope 1, 2 und 3)

Außerdem strebt der Teilfonds einen Anteil von 5% an nachhaltigen Investitionen an.

Darüber hinaus ist der Teilfonds bestrebt, Nachhaltigkeitsrisiken zu mindern, indem Anlagen in Emittenten, die in sehr schwerwiegende Kontroversen verwickelt oder in den Ausschlusslisten von Swiss Life Asset Managers aufgeführt sind, ausgeschlossen oder eingeschränkt werden

Alle Leistungskennzahlen (Key Performance Indicators, KPI) stammen von MSCI ESG. Sie werden in unser Portfolioverwaltungs- und -risikosystem integriert sowie täglich durch das Anlagekontrollteam und das Risikomanagementteam überwacht.

Der Teilfonds schließt Investitionen in folgende Emittenten aus:

- Unternehmen, die gegen mindestens einen der zehn UNGC-Grundsätze verstoßen
- Unternehmen, die im Zusammenhang mit umstrittenen Waffen tätig sind
- Unternehmen, die mehr als 10% ihres Umsatzes mit dem Abbau oder Verkauf von Kraftwerkskohle erwirtschaften

Swiss Life Asset Managers kann in Bezug auf relevante ESG-Themen mit Portfoliounternehmen in den Dialog treten.⁽¹⁾

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

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 March 2021	Initial document created.
1 January 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 ESG USA.
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 ESG USA.
22 December 2025	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. The disclosure was updated in line with the revised investment strategy and the binding elements of the investment strategy used to select the investments. In addition the proportion of investments as to asset allocation has been revised.

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. Source: Swiss Life Asset Managers / ©2022. All rights reserved. Customer Service: info@swisslife-am.com.