

## 4.10. Equity ESG Global High Dividend

Legal entity identifier: 5493002K1K8ZHO25TB23

### Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

#### Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☐ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: \_\_\_\_%

☐ It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics but will not make any sustainable investments



#### What environmental and/or social characteristics are promoted by this financial product?

The sub-fund manages its portfolio of investments according to the Swiss Life Asset Managers' Responsible Investment Policy and Swiss Life Asset Managers' Transparency Code, and promotes the following E/S characteristics:

**ESG significant approach** The sub-fund aims to outperform its reference universe, as represented by the reference index, in three ways:

- build a higher overall environmental, social and governance (ESG) profile, reduced by the 20% of securities with the lowest ESG ratings (best-in-universe approach)
- reach a lower carbon footprint, measured in tCO<sub>2</sub>/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)
- hold a higher level of companies that link executive pay to sustainability criteria

In addition, the sub-fund seeks to mitigate sustainable risks by excluding or restricting issuers with the lowest ESG performance, including ESG ratings and controversies and principal adverse impacts (all referred to as "sustainability safeguards").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the sub-fund.

**Regulatory, normative and sectoral exclusions** The sub-fund excludes or restricts investments in companies that are involved in severe ESG controversies, including breaches of international norms. The sub-fund also excludes or restricts investments in companies involved in thermal coal or controversial weapons such as antipersonnel landmines, cluster munitions and chemical weapons.

Specifically, the sub-fund excludes or restricts investments in companies that:

- derive more than 10% of their revenues from mining or trading of thermal coal
- are involved in the production of controversial weapons such as nuclear, biological or chemical weapons, cluster munitions and anti-personnel mines
- are failing the UN Global Compact exclusion principles
- fall under the Financial Action Task Force (FATF) blacklist

**Active ownership** The sub-fund seeks to engage with portfolio companies on material ESG issues, through voting rights and dialogue with management, and may discontinue investment if progress proves unsatisfactory.

#### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Indicators the sub-fund uses include:

- sub-fund's weighted average ESG rating
- sub-fund's carbon footprint
- percentage of investments in companies linking executive pay to sustainability factors

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

**How do the sustainable investments that the financial product partially intends to make not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

**How have the indicators for adverse impacts on sustainability factors been taken into account?** Not applicable.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?** Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

☒ Yes ☐ No

Swiss Life Asset Managers has developed a proprietary rating model that aims to aggregate all 14 mandatory principal adverse impact (PAI) indicators into a single rating on a scale from AAA down to CCC. The sub-fund excludes or restricts investments in companies having a CCC PAI rating.

Information on the measurement of PAI indicators will be made available in the sub-fund's annual report.

► See also: “What environmental and/or social characteristics are promoted by this financial product?”.



**What investment strategy does this financial product follow?**

**Objective(s)** To achieve a high long term capital growth by investing in and/or being exposed to a globally diversified equity portfolio of companies with above-average yearly dividend payments through direct or indirect investments via other UCITS and/or UCIs.

**Reference index(ices)** **MSCI World High Dividend Yield Net Return Index**, an index that does not take into account environmental, social and governance (ESG) factors. *Usage:* for portfolio reference, and performance measurement. **MSCI World Index**, an index that does not take into account ESG factors. *Usage:* for ESG significant approach only.

**Investment policy** The sub-fund mainly invests in, or gains exposure to, equities of companies anywhere in the world, including emerging markets.

**Strategy** In actively managing the sub-fund, the investment manager uses quantitative, factor-based analysis to identify securities that are expected to offer above average dividend payments. Because the sub-fund is not constrained to any reference index, its portfolio's securities and their weightings, and thus its performance, may or may not resemble those of the reference index(ices).

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The sub-fund's binding elements are:

- exclusion criteria (as described under “What environmental and/or social characteristics are promoted by this financial product?”)
- sustainability safeguards (as described under “What is the sustainable investment objective of this financial product?”)
- higher overall environmental, social and governance (ESG) profile than the reference universe (after reducing 20% of the lowest rated securities of the reference index)
- lower carbon footprint than the reference universe
- higher percentage of investments in companies linking executive pay to sustainability factors than the reference universe

**What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The sub-fund does not commit to reduce the scope of the investments prior to the application of the investment strategy.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.

**Taxonomy-aligned** activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

## What is the 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:

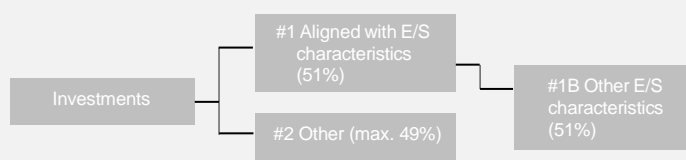
- audit and financial reporting practices
- alignment between remuneration schemes and corporate strategy
- composition, effectiveness and oversight of the Board
- company's ownership and control
- tax transparency
- business ethics issues such as fraud, executive misconduct, corrupt practices, money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

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



## What is the asset allocation planned for this financial product?

The sub-fund is expected to invest at least 51% of its NAV in companies that integrate E/S characteristics (#1). The sub-fund is allowed to invest the remainder of its NAV in remaining investments, such as cash, cash equivalents, companies that do not systematically integrate E/S characteristics, investments in other UCITSs/UCIs and/or derivative instruments (#2 Other).



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

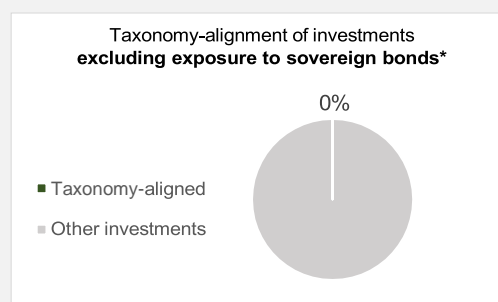
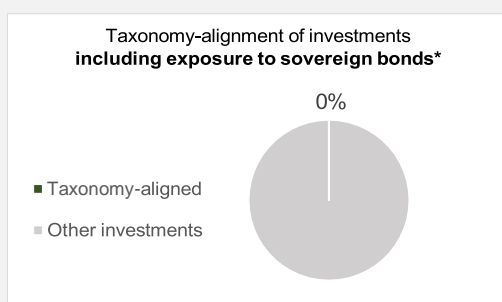
The sub-fund does not currently commit to invest in any "sustainable investment" within the meaning of the Taxonomy Regulation.

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** The sub-fund does not use derivatives to attain its environmental or social characteristics.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds, the first graph shows the taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**What is the minimum share of investments in transitional and enabling activities?** Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

These investments include derivatives, cash and cash equivalent positions ensuring the sub-fund's liquidity, investments in other funds and investments in securities that are not ESG rated. These investments are not measured against ESG criteria, including any minimum environmental or social safeguards as defined under SFDR.



***Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?***

No. The sub-fund uses a variety of ways to assess its environmental and/or social performance, but does not use a reference benchmark to determine the alignment with the environmental and/or social characteristics it promotes.



***Where can I find more product specific information online?***

More product-specific information can be found on the website: <https://lu.swisslife-am.com/en/home/responsible-investment/sustainability-related-disclosures.html>.