

**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 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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## 4.10. Equity Green Buildings & Infrastructure Impact

Legal entity identifier: 2549009Q07HOOYMLM17

### Sustainable investment objective

Does this financial product have a sustainable investment objective?	
<div><input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes</div>	<div><input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> No</div>
<div><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: 80%</div> <div><div><input type="checkbox"/></div>in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><div><input checked="" type="checkbox"/></div>in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div>	<div><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</div> <div><div><input type="checkbox"/></div>with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><div><input type="checkbox"/></div>with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <div><div><input type="checkbox"/></div>with a social objective</div>
<div><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ____%</div>	<div><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></div>



## What is the sustainable investment objective of this financial product?

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

The sustainable investment objective of the sub-fund is to contribute to the development of green building and green infrastructure.

The sub-fund does not use a reference benchmark for the purposes of attaining its environmental objective.

### ● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The indicators used by the sub-fund are:

- the level of revenues generated from products and services that contribute to support the United Nations Sustainable Development Goals (SDGs) 9 and 11, At the issuer-level, this percentage must always be equal or higher than 5%.
- the portfolio's carbon footprint: this metric is 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).

### ● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

Subject to availability of issuer data, the sub-fund applies investment criteria that include assessing the negative impact of issuers on environmental, social and governance issues. It also identifies and excludes from its investment universe those causing significant harm to an environmental or social objective as defined under SFDR. In particular, 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 (based on MSCI SDG contribution assessment).

#### – *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The sub-fund takes into account 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 an external data vendor). 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.

#### – *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

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 described above and 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. Issuers deemed to have violated these conventions are not considered as sustainable investments and are thus excluded.



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

☒ Yes, 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 translates each individual mandatory PAI indicators value into a score based on its severity (PAI indicators value are provided by an external data vendor). 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.

In accordance with Article 11, paragraph 2 of the SFDR, information on the principal adverse impacts on sustainability factors at the product level will be made available within the periodic disclosure for this Sub-Fund under the question: "How did this financial product consider principal adverse impacts on sustainability factors?"

☐ No



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

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 strategy to achieve this objective:

**Positive environmental impact** The sub-fund seeks to achieve a positive environmental impact by investing in companies that contribute to the development of green building and green infrastructure.

Specifically, the sub-fund invests in companies which contribute to support the following United Nations' Sustainable Development Goals ("SDGs"):

- "Industry, Innovation and Infrastructure" (SDG 9)
- "Sustainable Cities and Communities" (SDG 11)

Contribution to the UN SDGs means how the respective company offers products and services that are relevant for at least one of the two aforementioned SDGs. The classification of products and services, as well as the revenue share that companies attain from them, are assessed by MSCI ESG Research.

Stocks are selected based on a Quantamental process (a blend of quantitative and fundamental analysis), and must comply with the binding elements described below. Up to 10% of the portfolio's AUM may be invested in issuers that are not covered by this quantamental process provided that these names have received a positive assessment from a dedicated fundamental analysis. This fundamental analysis must demonstrate that the corresponding issuers are in line with the investment strategy in terms of delivering positive impact as described above and with the DNSH and Good governance principles. This 10% bucket gives some flexibility to invest in issuers which may not be covered by external data providers because of a spin-off or an initial public offering (IPO), for example.

**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.

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

- which are failing at least one of the ten UNGC principles
- which are involved in controversial weapons
- which generate a revenue of more than 10% with mining or selling thermal coal
- 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
- The sub-fund applies the “Paris-Aligned Benchmark” exclusions and therefore is not allowed to invest in issuers:
  - involved in any activities related to controversial weapons;
  - involved in the cultivation and production of tobacco;
  - that violated the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
  - that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
  - that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
  - that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
  - that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO<sub>2</sub> e/kWh.

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 the portfolio companies on relevant ESG issues.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The sub-fund's binding elements are:

- contribution to support the two aforementioned UN SDGs (SDGs 9 and 11) through revenues from products and services which must be equal or higher than 5% per issuer.
- Integration of KPI into the portfolio construction:
- Portfolio weighted-average carbon footprint must be lower than the carbon footprint of the reference index (MSCI World),
- 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 (as described under "What investment strategy does this financial product follow?").

● **What is the policy to assess good governance practices of the investee companies?**

The sub-fund assesses companies' governance practices including:

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

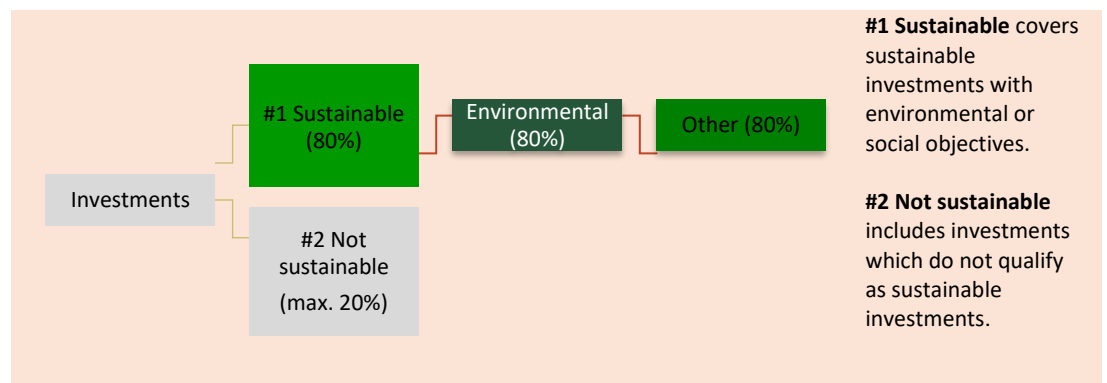
Good Governance is considered by the application of Swiss Life Asset Managers normative exclusions (i.e. breaches of the UN Global Compact) and assessment of material controversies, using both external data providers and internal qualitative research.

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>).

**What is the asset allocation and the minimum share of sustainable investments?**

The sub-fund is expected to invest at least 80% of its NAV in companies that contribute to the attainment of the sustainable objective (#1). The sub-fund is allowed to invest the remainder of its NAV in cash, cash equivalents and/or derivative instruments (#2 Not sustainable).



● **How does the use of derivatives attain the sustainable investment objective?**

The sub-fund does not use derivatives to achieve its sustainable investment objective.

**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.



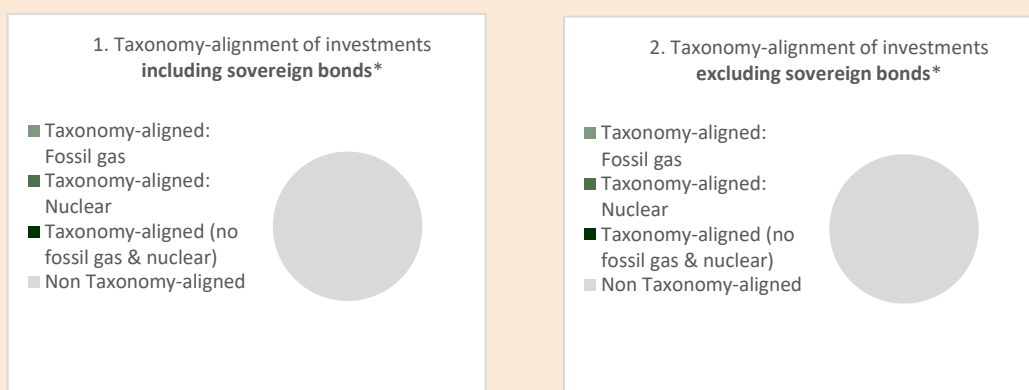
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

- ☐ Yes:
- ☐ In fossil gas ☐ In nuclear energy
- ☒ No

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.

- **What is the minimum share of investments in transitional and enabling activities?** 0%



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

100% as the sub-fund does not commit to invest in taxonomy-aligned investments.



**What is the minimum share of sustainable investments with a social objective?**

0%



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**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 environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>10</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

These investments can only include derivatives used for hedging purposes and/or cash and cash equivalent positions ensuring the sub-fund's liquidity. Due to their specificities, these investments cannot be measured against ESG criteria.



#### Reference

**benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

#### Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No. The sub-fund uses a variety of ways to meet its sustainable objective, but does not use a reference benchmark for this purpose.

- *How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?*

Not applicable.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

- *How does the designated index differ from a relevant broad market index?*

Not applicable.

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



#### 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>.