Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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.

Product name:
Balanced

Legal entity identifier:
54930004F5ZUL53NC758

Environmental and/or social characteristics

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**



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

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

Zurich Life Assurance plc (ZLAP) is part of The Zurich Group and as such benefits directly from the expertise, information and resources that The Zurich Group has in the area of sustainability and responsible investment. ZLAP incorporates much of this into the management of its own assets. ZLAP also participates in Zurich Group-led initiatives which are directly applicable to ZLAP's sustainability and responsible investment-related work. As such, the references to 'Zurich Group' in the text below is fully relevant to this Pre-Contractual Product Disclosure. Specific references to ZLAP in the text reflect those activities – pertinent to this disclosure – that are carried out directly by ZLAP.

The fund has the following specific characteristics:

- A carbon intensity reduction ambition to reduce the carbon intensity of equity and credit portfolios within the fund by 55% by end 2029 versus end 2019 levels.
- The exclusion of activities from the fund that are irreconcilable with Zurich Group's sustainability strategy. The exclusion criteria cover activities in thermal coal, oil sands and oil shale. ZLAP also engages in divestment from investee companies that derive greater than 30% of their revenues from mining thermal coal or generate more than 30% of their electricity from coal. The criteria also exclude investment in companies which produce, stockpile, distribute, market, or sell banned cluster munitions or anti-personnel landmines.

In addition, the fund:

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- Integrates ESG (Environmental, Social, Governance) factors into the investment process. ESG integration is an approach in which information on environmental, social and governance metrics are used as part of the standard process to select securities for actively managed portfolios. ESG integration is an approach that is focused on those ESG factors that are deemed economically material, i.e. deemed to impact the risk and returns associated with the assets in which we invest. ESG factors impact the sales and profits of investee companies: integrating them into the investment process will support us in delivering better risk-adjusted returns in the long run. ESG integration helps us to 'do well'.
- Active ownership through exercising shareholder votes and engagement with investee companies. ZLAP considers active ownership an essential aspect of driving a sustainable world. ZLAP undertakes active ownership of its investee companies through exercising shareholder voting rights and engaging with investee companies directly. Voting is executed across ZLAP's directly managed equity portfolio with agreed approaches across a wide range of issues on corporate governance and other key ESG factors with full voting records publicly available online. On engaging, Zurich Group has put in place a framework to engage with some of the largest carbon emitters. This combination of active engagement and active voting is recognised as a key feature of responsible investing.

A reference benchmark which would promote Environmental and/or Social characteristics has not been designated for the fund.

The fund does not make a minimum commitment to invest in sustainable investments.

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

The attainment of the environmental and social characteristics promoted by the fund are measured periodically, they are measured using the following sustainability indicators:

- Voting records and statistics
- Engagement records and summary findings
- Assessment of carbon reduction vs the reduction ambition
- ESG score outliers and controversies
- Principle Adverse Indicators are calculated and monitored periodically
- Companies that are in violation of the UNGPs (United Nations Guiding Principles) or OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises
- The restricted list for equities and credit, based on Zurich Group's exclusions policy, which is updated periodically

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 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, the fund considers principle adverse impacts through a framework to identify and assess those impacts. For environmental characteristics examples of these include:

- Greenhouse Gas emissions
- Carbon footprint

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- Hazardous waste ratios

For social characteristics these include:

- Exposure to controversial weapons
- Gender pay gap and board gender diversity
- Adherence with the UN Global Compact

For governance characteristics these include:

- Corruption and bribery matters
- Inadequate governance
- Tax evasion
- Breaches of regulation, international norms and conventions

More information can be found in the ZLAP Statement on principal adverse impacts of investment decisions on sustainability factors available here:

https://www.zurichlife.ie/DocArchive/servlet/DocArchServlet?docId=DOC_17677&docTag=3HG30E6YP7W8&_ga=2.38918886.417591570.1674398872-38231205.1653039644

☐ No



What investment strategy does this financial product follow?

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

The Balanced fund is an actively managed fund which aims to achieve growth through capital gains and income from a well-diversified portfolio of global equities and equity-based financial instruments. This fund will also invest in bonds issued by governments, supranational bodies, other investment grade corporate and non-sovereign bonds and/or bond-based financial instruments. The Indicative equity range is 50% - 75% of the value of the fund. ZLAP identifies and prioritises adverse impact indicators as part of our responsible investment and sustainability risk strategy, with the help of data and analysis provided by third party providers.

- *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 binding elements are as follows: A minimum proportion of 80% of the funds value is in assets which are designated as promoting environmental and/or social characteristics or are sovereign bonds/cash. The fund has no minimum share of investments that are aligned with the EU Taxonomy. The fund applies certain exclusions, and the equity and credit portfolios within the fund are subject to ZLAP's carbon reduction ambition, shareholder votes are exercised using a proxy voting service. Zurich Group also engages with the top polluters within equity and credit to encourage investee companies to follow explicit science-based targets for carbon reduction. Zurich Group is a signatory to the UN Principles of Responsible Investment and the UN Global Compact, Zurich Group is a founding member of the Net Zero Asset Owner Alliance and the Climate 100 action group.

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

  There is no committed minimum rate of reduction applicable to the fund prior to the application of the fund's investment strategy.

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

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

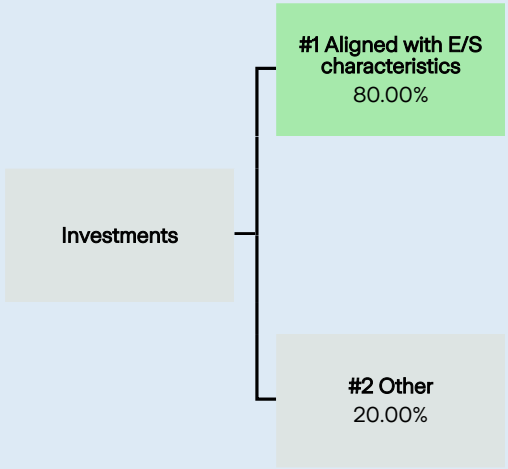
Assessing the governance practices of investee companies is an important part of the ZLAP investment process. ZLAP only invests in securities traded on regulated stock markets. In addition to this, ZLAP considers good governance criteria which relate to sound management structures, employee relations, remuneration of staff and tax compliance. ZLAP uses third party data, active ownership, and analysis of investee company disclosures to identify potential governance issues. In cases where insufficient levels of governance are identified, ZLAP has an escalation process to review the issues in detail and, in some cases but not all, encourage the management of the investee company to take steps to rectify the issues. Where governance issues are not rectified to a sufficient standard within an acceptable time period, ZLAP will continue to monitor them closely and may ultimately divest from these companies.

What is the asset allocation planned for this financial product?

The fund commits to investing 80% of the funds value in assets which are designated to promoting environmental and/or social characteristics or are sovereign bonds/cash (category #1 in the below table). The fund has no binding commitment to make sustainable investments as defined in EU Regulation 2019/2088. The asset allocation within the fund changes on a daily basis based on market movements and the active investment decision of the ZLAP investment team. The equity and credit allocations within the fund represent investments which are aligned with environmental and social characteristics.

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.



#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.

- *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

The fund does not utilise derivative contracts to explicitly attain or promote any environmental or social characteristics.

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

There is no minimum share of investments that are aligned with the EU Taxonomy.

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.

- *Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?*

☒ Yes:

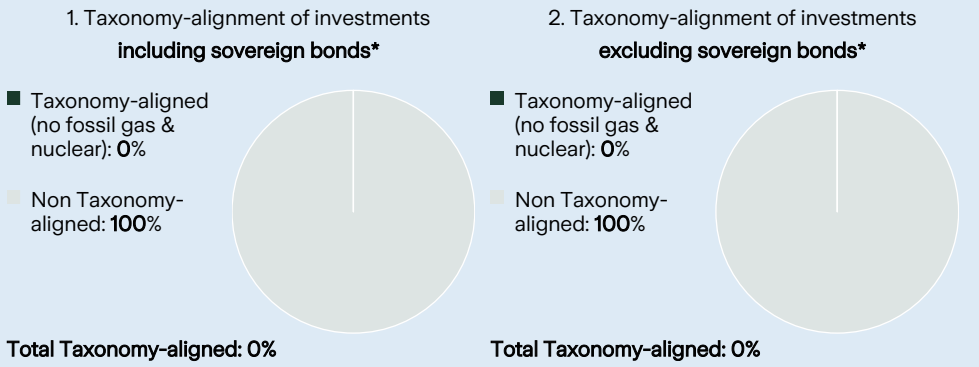
☒ In fossil gas ☒ In nuclear energy

☐ No

The two graphs below show in green 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.

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.



The graph represents -% of the total investments.

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

[1]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 objectives - 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.

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

There is no minimum share of sustainable investments that are not aligned with the EU Taxonomy.

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

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

The fund invests solely in equities, bonds, and cash. There are no alternative assets (such as commodities or property) within the fund.

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?

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

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

  A reference index has not been designated.

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

  A reference index has not been designated.

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

  A reference index has not been designated.

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

  A reference index has not been designated.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.zurich.ie/funds/fund-products/multi-assets/managed-funds/balanced/

Disclaimer

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

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