

Periodic 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

Did this financial product have a sustainable investment objective?

Yes

No

It made **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 made **sustainable investments with a social objective: __%**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of **24.29%** 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 promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund, managed by Zurich Life Assurance plc (Zurich), has the following specific aims:

- A carbon reduction ambition to reduce the carbon intensity of investee companies by 25% versus 2019 levels. The carbon intensity of Zurich's carbon reduction ambition is calculated as carbon emissions (Scope 1 and Scope 2) over the enterprise value excluding cash, weighted across investment holdings representing investee companies.

- The exclusion of activities from the fund that are irreconcilable with Zurich's sustainability strategy. The exclusion criteria cover activities in thermal coal, oil sands and oil shale. Zurich has also committed to divesting 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:

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

- Integrates ESG factors into the investment process. ESG integration is an approach in which information on environmental, social and governance metrics are used systematically as an integral part of the process to select securities or assets 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 bottom line: 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. Zurich considers active ownership an essential aspect of driving a sustainable world. Zurich undertakes active ownership of its investee companies through exercising shareholder voting rights and engaging with investee companies directly. Voting is executed across Zurich'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 with investee companies Zurich has put in place a framework to engage with some of the largest carbon emitters through direct meetings. This combination of active engagement and active voting is recognised as a key feature of responsible investing. The fund does not make a minimum commitment to invest in sustainable investments.

- **How did the sustainability indicators perform?**

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

1. Voting records and statistics:

Zurich is an active shareholder and has voted on 11,513 proposals. The breakdown is 10,386 votes with management and 1,127 against.

2. Engagement records and summary findings:

Zurich has engaged with 220 companies held in the fund's portfolio through 270 meetings in 2022.

We engage on issues such as carbon emissions, good governance and a range of ESG metrics. For example, where investee companies declare a net-zero target, Zurich will encourage these to be aligned with Science Based Targets.

3. Assessment of carbon reduction vs the reduction ambition

The portfolio's equity Carbon Intensity was 60 tons CO2/\$M invested in December 2022 vs 57 tons CO2/\$M invested in December 2019 (5.4% higher). Carbon intensity based on scope 1 and scope 2 increased predominately due to an extreme relative outperformance of the energy sector during 2022 as a result of the invasion of Ukraine (This has increased the weight of more polluting sectors in the carbon intensity calculation). Despite the increase, our portfolio carbon intensity has remained well positioned relative to the overall investment universe which has been subject to a significant increase in carbon intensity. We continue to monitor and engage with the companies which are the highest polluters in the portfolio.

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.

This has been pursued within the framework of Zurich’s existing top-down active investment process. In order to support this ambition, we monitor the carbon intensity of our portfolios versus a trend line, and report to existing internal oversight groups and committees. We continue to assess these figures on a monthly basis and take remedial action where necessary.

4. ESG score outliers

We monitored companies which fell outside of our ESG data coverage and analysed them accordingly. We also assessed and reviewed companies which fell into the CCC MSCI (Morgan Stanley Capital International) rating category.

In terms of governance, we reviewed companies which fell into the following categories:

- companies with relevant UN Global Compact violations
- companies with Qualified Audit opinions
- filtering based on overall ESG rating from MSCI
- analysis of companies with a low standalone ‘G’ score

For any company identified by the above criteria, analysis has been prepared for setting out the governance issues identified (if any) and a recommendation for any action required. In 2022 approximately 50 companies were identified and analysed accordingly.

5. Principle Adverse Impact Indicators are calculated and monitored periodically

Due to 2022 being the first year of periodic reporting, there are no previous reference periods to compare against.

6. 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. This remains in place.

7. The restricted list for equities and credit, based on Zurich’s exclusions policy.

This remains in place. The list of exclusions is confirmed on a periodic basis with criteria being continuously reviewed. For example, 59 companies have been excluded for violating the UN Global Compact Principle on weapons.

No	Principal Adverse Indicator	Metric	Year 2022
1	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector Eligible assets: 64.29% Covered assets: 7.20%	100.00%

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The fund promotes E/S characteristics, does not have a sustainable investment objective.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The fund promotes E/S characteristics, does not have a sustainable investment objective.

How were the indicators for adverse impacts on sustainability factors taken into account?

The fund promotes E/S characteristics but does not have a sustainable investment objective.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund promotes E/S characteristics but does not have a sustainable investment objective.

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 Union EU criteria.

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

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



How did this financial product consider principal adverse impacts on sustainability factors?

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
- 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 Zurich Financial Market Participant PAI Statement available here:

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

We consider these principle adverse impact indicators, where appropriate, under our four pillars of responsible investing:

1. Carbon Ambition

In 2022 Zurich introduced a carbon reduction ambition across our internally managed equity and credit portfolios. Zurich's carbon reduction ambition calculation is based on Scope 1 and Scope 2 emissions. The aim is to reduce the carbon intensity of equity and credit portfolios in our multi-asset funds by 25% by 2025 vs 2019 levels.

This is pursued within the framework of Zurich's existing top-down active investment process. In order to support this ambition, we monitor the carbon intensity of our portfolios versus a trend line, and report to existing internal oversight groups and committees.

We intend to achieve this by continuing and enhancing our existing use of environmental, social and governance (ESG) data, and by active voting and engagement with investee companies.

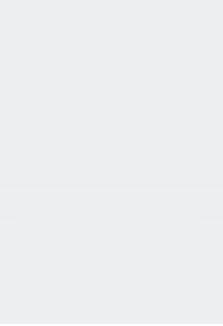
2. ESG Integration

This involves ensuring that ESG data is incorporated within the investment process through awareness on ESG theory and topics, relevant training, monitoring, and governance in respect of ESG portfolio scores. This is an economic approach dependent on valuation, the aim of such integration is to supplement and enhance the more traditional analysis and financial metrics such as price/earnings ratios, return on capital etc. When we are analysing companies, ESG information is readily available alongside other more traditional data.

3. Active Ownership

Zurich Life undertakes active ownership of its investee companies through exercising shareholder voting rights and engaging with investee companies directly. Voting is executed across Zurich's entire 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 with investee companies Zurich has put in place a framework to engage with some of the largest carbon emitters through direct meetings. This combination of active engagement and active voting is recognised as a key feature of responsible investing.

4. Exclusions



While we do not adopt a broad-based exclusionary approach, in certain situations we believe exclusions are justified. We do not engage in any business with, or directly invest in companies involved in the production of cluster munitions and anti-personnel landmines. Additionally, recognising the particularly harmful impact of coal on climate strategy, the exclusion criteria cover activities in thermal coal, oil sands and oil shale. Zurich has committed to divesting 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.



What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: Year 2022

No	ISIN	Largest Investments	Sector	% Asset	Country
1	FFX_BUY EUR	Currency Hedging		11.33%	Germany
2	US0378331005	Apple Inc	Manufacturing	2.97%	United States
3	US5949181045	Microsoft Corp	Information and communication	2.81%	United States
4	DE0001102358	Federal Republic of Germany 15-MAY-24	Public administration and defence; compulsory social security	2.74%	Germany
5	FR0013415627	French Republic 25-MAR-25	Public administration and defence; compulsory social security	2.17%	France
6	US02079K3059	Alphabet Inc	Information and communication	2.13%	United States
7	IT0005386245	Republic of Italy 01-FEB-25	Public administration and defence; compulsory social security	1.99%	Italy
8	US0231351067	Amazon.com Inc	Wholesale and retail trade; repair of motor vehicles and motorcycles	1.52%	United States
9	ES0000012B39	Kingdom of Spain 30-APR-28	Public administration and defence; compulsory social security	1.18%	Spain
10	IT0005094088	Republic of Italy 01-MAR-32	Public administration and defence; compulsory social security	1.11%	Italy
11	US91324P1021	UnitedHealth Group Inc	Financial and insurance activities	1.08%	United States
12	IT0005240830	Republic of Italy 01-JUN-27	Public administration and defence; compulsory social security	1.05%	Italy
13	FR0013341682	French Republic 25-NOV-28	Public administration and defence; compulsory social security	1.02%	France
14	US4781601046	Johnson & Johnson	Manufacturing	1.02%	United States
15	US92826C8394	Visa Inc	Financial and insurance activities	0.99%	United States



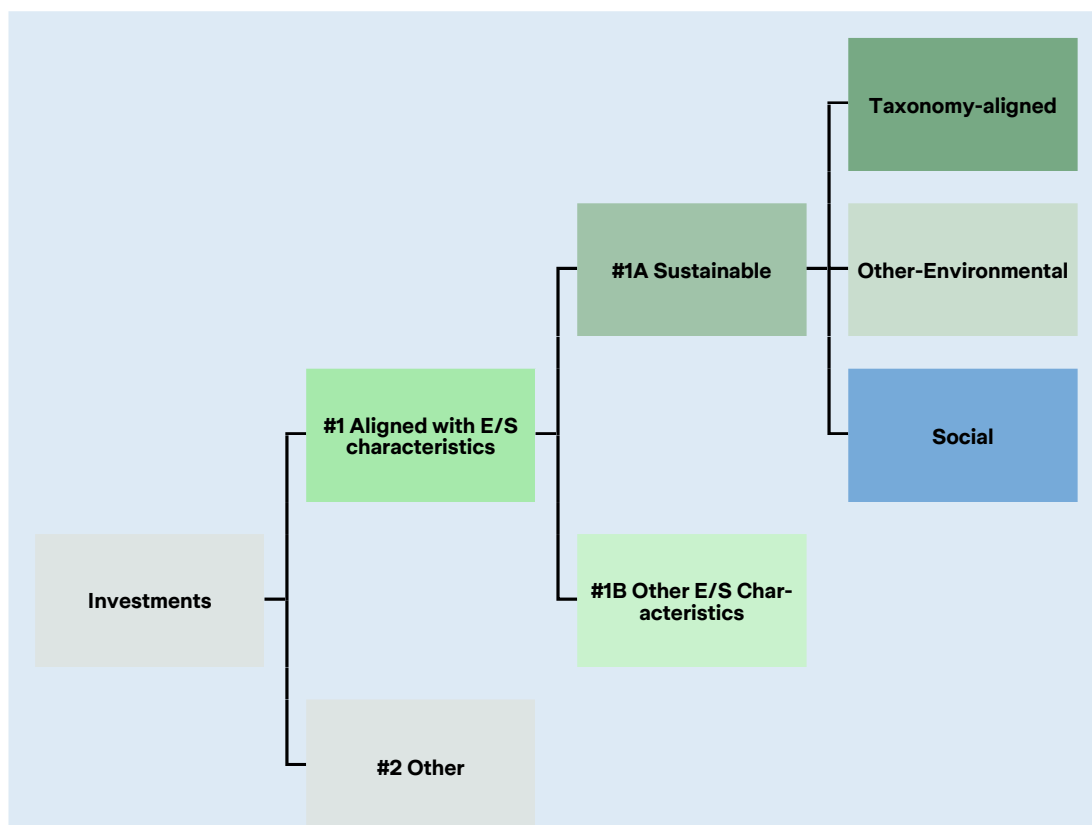
What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

- **What was the asset allocation?**

The fund commits to investing 80% of the funds value in assets which are designated to promote 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 decisions of the Zurich investment team.

Throughout 2022 the fund was made up of 100.00% investments that are aligned with environmental or social characteristics (#1). 0.00% of investments in the fund were not aligned with environmental or social characteristics (#2). Within the aligned investments (#1), 24.29% were categorised as #1A Sustainable and 75.71% as Other environmental or social characteristics (#1B). The holdings classified as #1A Sustainable investments, can be designated as 'Taxonomy aligned', 'Other-Environmental' or 'Social'. However, given the lack of reporting coverage, the fund is not in a position to report on these numbers at this time. As data coverage and accuracy improves we intend to report on these figures in future reports.



#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.

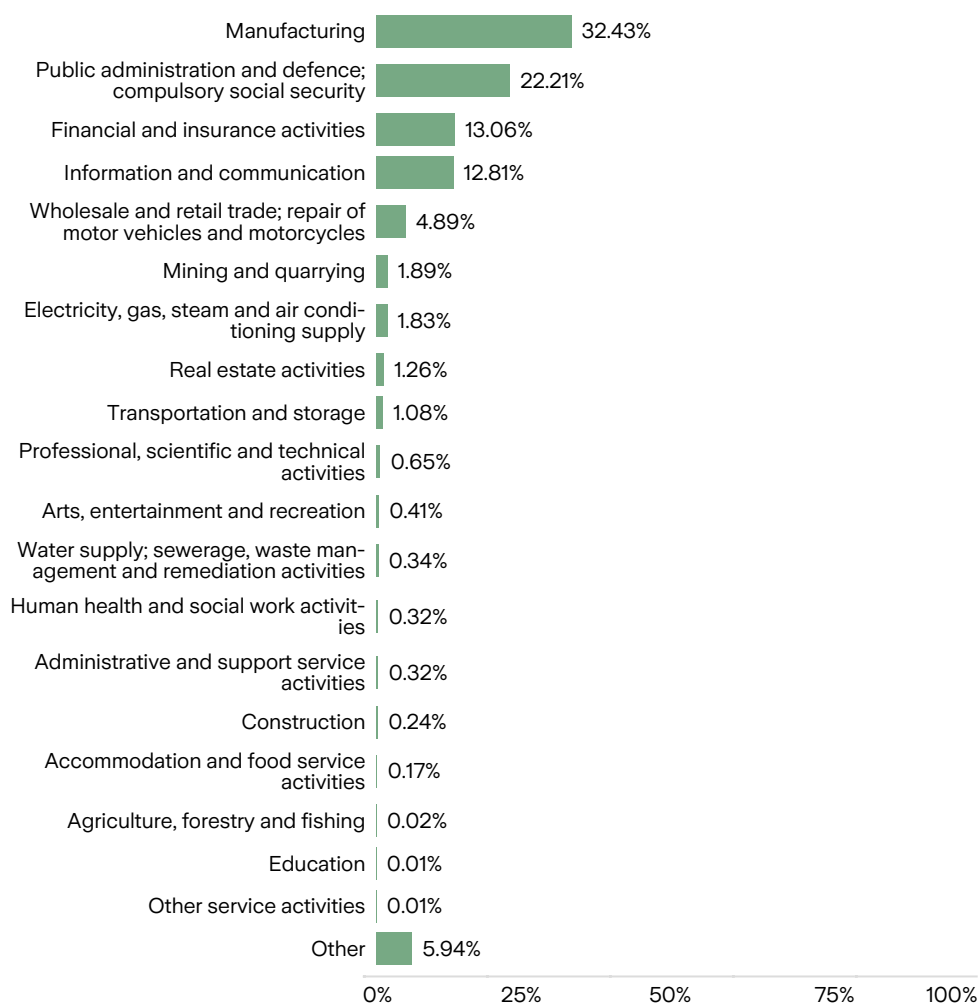
The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

• **In which economic sectors were the investments made?**

The table below demonstrates a sector breakdown of assets by the Statistical Classification of Economic Activities in the European Community (NACE) codes.

NACE codes are the industry standard classification system in the European Union.



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

The fund promotes E/S characteristics, but does not have a sustainable investment objective.

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.

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.

• **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?**

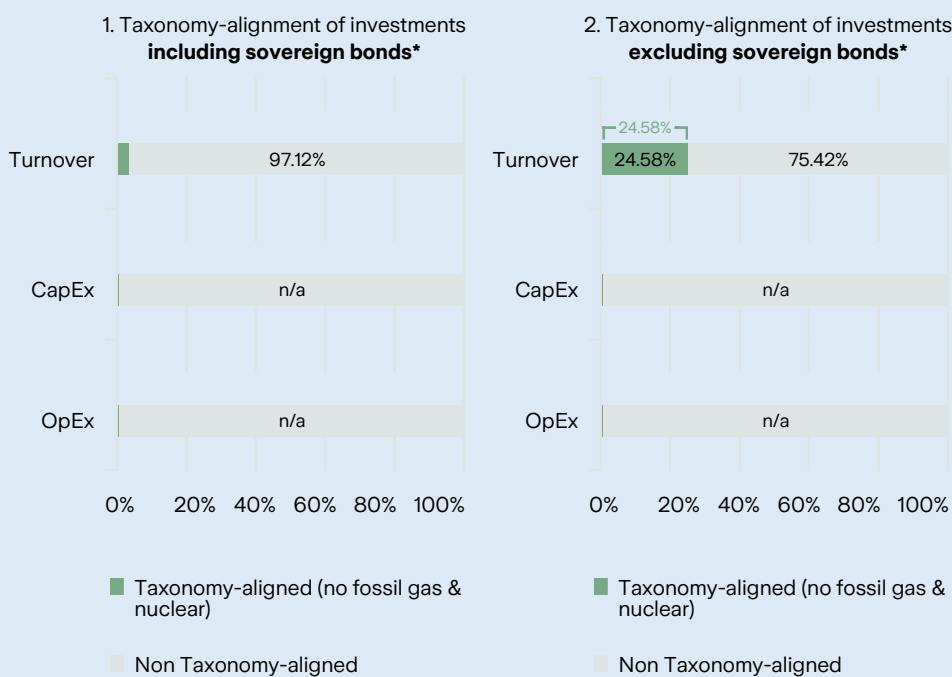
Yes:

In fossil gas

In nuclear energy

No

The graphs below show in green the percentage of investments that were 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.



The graph represents 74.71% of the total investments.

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

'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 was the share of investments made in transitional and enabling activities?**

Due to 2022 being the first year of periodic reporting, there is no data currently on this field. As data coverage and veracity improves over time we will endeavour to produce this field accurately.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Due to 2022 being the first year of periodic reporting, there are no previous reference periods to compare against.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852



- **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The fund promotes E/S characteristics but does not have a sustainable investment objective.



- **What was the share of socially sustainable investments?**

The fund promotes E/S characteristics but does not have a sustainable investment objective.



- **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The binding elements are as follows:

A minimum proportion of 80% of the fund's value in assets which are designated as promoting environmental and/or social characteristics or are sovereign bonds/cash are committed to the allocation. The fund has no minimum share of investments that are aligned with the EU Taxonomy.

Throughout the reference period the following actions have been taken to meet the environmental and social characteristics:

- The equity and credit portfolios within the fund were subject to Zurich's carbon reduction ambition.
- Shareholder votes were exercised using a proxy voting service.
- Top polluters within equity and credit were engaged with to encourage investee companies to follow explicit science-based targets for carbon reduction.
- Zurich maintained our positions as signatory to the UN Principles of Responsible Investment and the UN Global Compact.
- Zurich continued to promote environmental characteristics through being a founding member of the Net Zero Asset Owner Alliance and the Climate Action 100 group.



How did this financial product perform compared to the reference benchmark?

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

- **How does the reference benchmark differ from a broad market index?**

This product does not have a reference benchmark.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

This product does not have a reference benchmark.

- **How did this financial product perform compared with the reference benchmark?**

This product does not have a reference benchmark.

- **How did this financial product perform compared with the broad market index?**

This product does not have a reference benchmark.



Disclaimer

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

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