

ANNEX

Template 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

Product name: Zurich Climate Focus World Equity Fund

Legal entity identifier: 635400KRXWHZSXZF516

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 25% 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 Fund promotes, among other characteristics, environmental characteristics by seeking to track, before fees and expenses, the return performance of the MSCI World Climate Paris Aligned Ex Select Business Involvement Screens Index (the Index). The Index provides exposure to companies that are working towards a climate neutral economy by seeking to align with the climate goals of the Paris Agreement on carbon reduction and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The Index is designed to exceed the minimum standards of the EU Paris Aligned Benchmark under Regulation (EU) 2016/1011 (as amended).

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

1. Exposure to controversial sectors is used as an indicator for an issuer's involvement in controversial sectors and controversial activities;



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.

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

2. Involvement in controversial weapons is used as an indicator for an issuer's involvement in controversial weapons;
3. Involvement in tobacco business is used as an indicator for an issuer's involvement in tobacco business;
4. Estimated carbon footprint calculated using historical estimated data sourced from Morgan Stanley Capital International is used as an indicator for an issuer's carbon emissions; and
5. Worst in class exposure is used as an indicator of a portfolio's market value exposed to companies with a low ESG rating.

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.

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?

The Index provides exposure to companies that are working towards a climate neutral economy by seeking to align with the climate goals of the Paris Agreement on carbon reduction and the recommendations of the TCFD. The Index is designed to exceed the minimum standards of the EU Paris Aligned Benchmark under Regulation (EU) 2016/1011 (as amended).

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?

The Index methodology inputs are consistent with the "Do no Significant Harm" principle referred to in Article 2(17) of Regulation (EU) 2019/2088. The Index provides exposure to companies that are working towards a climate neutral economy by seeking to align with the climate goals of the Paris Agreement on carbon reduction and the recommendations of the TCFD on climate-related financial disclosures.

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

Indicators for adverse impacts on sustainability factors are taken into account within the monitoring process. The Index incorporates the principal adverse sustainability impact metrics set out in the question below. Adverse impact indicators are collected from the Investment Manager or an external data provider to evaluate the Fund's attainment of its sustainable objective and evaluate if sustainable investments do not cause any significant harm.

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

The investments in which the Fund is seeking to invest are expected to be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The assessment is made based on the share of investments in investee companies that have been involved in violations of UN Global Compact principles and the OECD Guidelines for Multinational Enterprises provided by the Investment Manager or by an external data provider.

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

The Fund considers the following principal adverse impacts (PAI) on sustainability factors as set out in Annex 1 of Commission Delegated Regulation (EU) 2022/1288:

1. Carbon footprint (PAI 2);
2. GHG intensity of investee companies (PAI 3);
3. Exposure to companies active in the fossil fuel sector (PAI 4);
4. Share of non-renewable energy consumption and production (PAI 5);
5. Activities negatively affecting bio- diversity-sensitive areas (PAI 7);
6. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10); and
7. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (PAI 14).



What investment strategy does this financial product follow?

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

In order to seek to achieve the Fund's investment objective, the Investment Manager will aim to invest in the underlying equity and equity related securities of the Index in similar weighting given to such constituents in the Index. In order to replicate the Index, the Fund may invest up to 20% of its Net Asset Value in shares issued by the same body. This limit may be raised to 35% for a single issuer when exceptional market conditions apply (for example where the weighting of the issuer in the Index is increased as a result of the issuer's dominant market position, or as a result of a merger).

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 investment objective of the Fund is to track, before fees and expenses, the return performance of the Index.

The Index is built on the MSCI World Index following an optimization-based approach which aims to exceed the minimum technical requirements in the Benchmark Regulations while aligning with the recommendations of the TCFD and is designed to align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year.

The Index aims to reduce exposure to physical risk arising from extreme weather events by at least 50% and shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies. Furthermore, the Index also aims to increase the weight of

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.

companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks.

The Index also seeks to reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions and increase the weight of companies with credible carbon reduction targets through a weighting scheme while achieving both a modest tracking error and a low turnover.

Finally, the Index also applies a number of exclusions, including: companies gaining more than 5% revenue from the production and distribution of tobacco-related products, thermal coal power, genetically modified organisms, civilian firearms, adult entertainment, gambling, alcohol, or conventional weapons, companies with any tie to controversial weapons or deriving any revenue from the mining of thermal coal and any manufacturer of nuclear weapons. See below for further details of ESG Controversies Score and ESG Rating.

The Index also makes use of MSCI ESG research products and services which are provided by MSCI ESG Research LLC, and are designed to provide in-depth research, ratings and analysis of environmental, social and governance-related business practices to companies worldwide.

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

N/A

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

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.

The following Morgan Stanley Capital International (**MSCI**) ESG research products and services are used in the construction of the Index:

1. MSCI ESG Ratings provides research, analysis and ratings of how well companies manage environmental, social and governance risks and opportunities. MSCI ESG Ratings provides an overall company ESG rating - a seven point scale from "AAA" to "CCC". In addition, MSCI ESG Ratings provides scores and percentiles indicating how well a company manages each key issue relative to industry peers.
2. MSCI ESG Controversies provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact. MSCI ESG Controversies Score falls on a 0-10 scale, with "0" being the most severe controversy.



What is the asset allocation planned for this financial product?

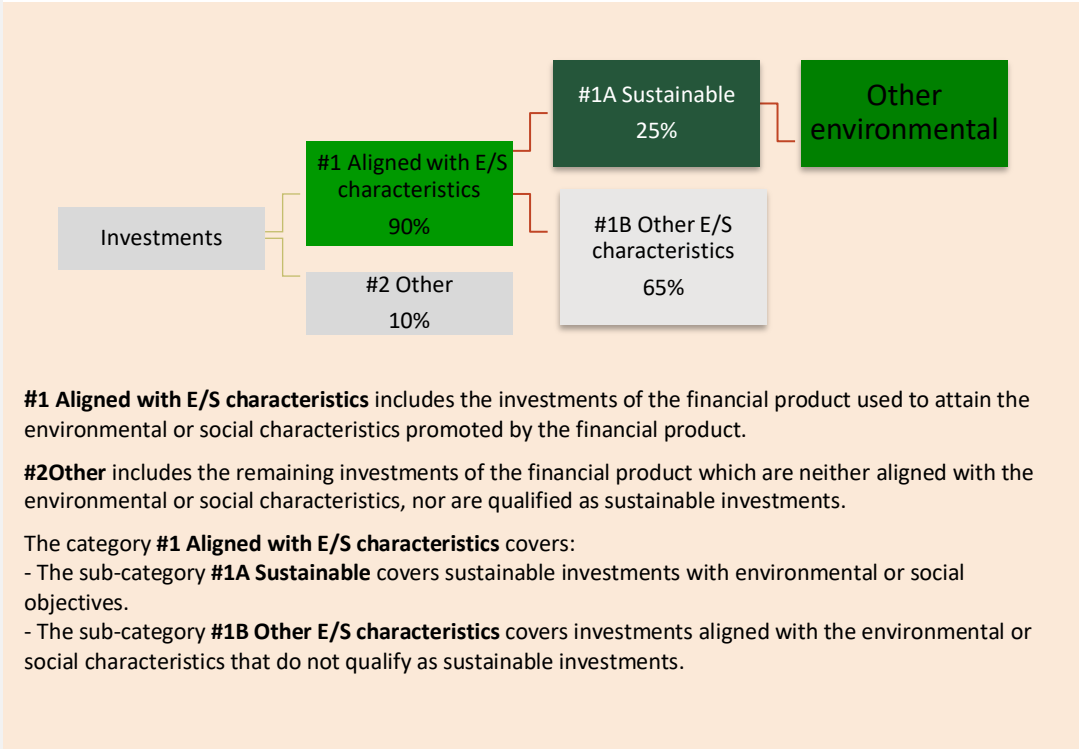
The Fund invests at least 90% of its net assets in the Index which is aligned with the promoted environmental characteristics. Within this category, at least 25% of the Fund's investments qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to 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.

Up to 10% of the Fund's investments are not aligned with these characteristics.



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

N/A



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

N/A

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?



Yes:



In fossil gas In



nuclear energy



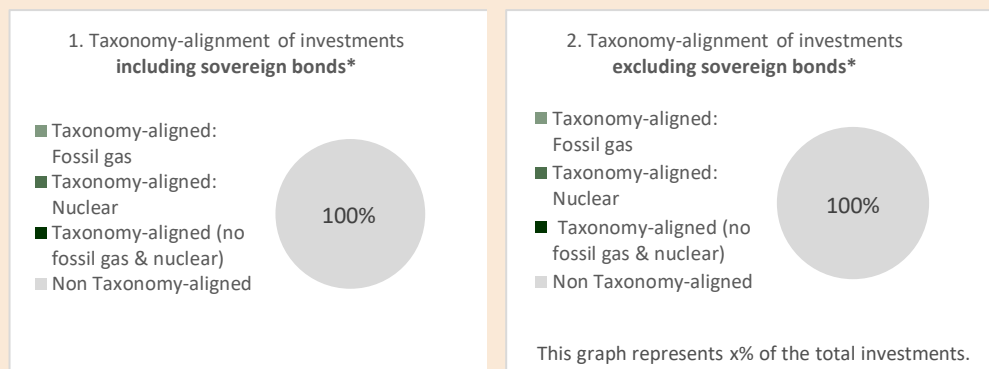
No

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 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.



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

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.=



* 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?

N/A



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

25%

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 socially sustainable investments?

N/A

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

The investments under “#2 Other” include companies generating a relatively small share of their revenue from products or services targeting one or more environmental and/or social objective which are used for diversification purposes as well as cash and liquid assets, such as short-term bank deposits and money market instruments which are used for efficient portfolio management purposes. There are no minimum environmental or social safeguards for these investments.



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?

Yes, the investment objective of the Fund is to track, before fees and expenses, the return performance of the Index which provides exposure to companies that are working towards a climate neutral economy by seeking to align with the climate goals of the Paris Agreement on carbon reduction and the recommendations of the TCFD.

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

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a climate neutral economy while aligning with the climate goals of the Paris Agreement. The Index incorporates the TCFD recommendations and is designed to exceed the minimum standards of the EU Paris Aligned Benchmark (within the meaning of Regulation (EU) 2016/1011 (as amended)).

The Index is designed to align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year. The Index aims to reduce exposure to physical risk arising from extreme weather events by at least 50% and shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies. Furthermore, the Index also aims to increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks. The Index also seeks to reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions and increase the weight of companies with credible carbon reduction targets through a weighting scheme while achieving both a modest tracking error and a low turnover.

Finally, the Index also applies a number of exclusions, including: companies gaining more than 5% revenue from the production and distribution of tobacco-related products, thermal coal power, genetically modified organisms, civilian firearms, adult entertainment, gambling, alcohol, or conventional weapons, companies with any tie to controversial weapons or deriving any revenue from the mining of thermal coal and any manufacturer of nuclear weapons.

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

The Index is rebalanced semi-annually as of the close of the last business day of May and November each year. Existing constituents will be deleted from the Index if they have become ineligible.

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

The Index is based on the MSCI World Index (the Parent Index) and includes equities and equity-related securities of large and mid-cap issuers across 23 developed markets countries.

The Index follows a transparent and rules based optimized index methodology. The Index uses a wide variety of key climate metrics from the MSCI Climate Risk Centre in its construction and is designed with an aim to go beyond EU minimum standards to meet the needs of institutional investors seeking to address climate change risks and opportunities in a holistic manner.

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

Please see section 4 (Information on the Index) of the Fund's supplement. Additional information about the methodology used for the calculation of the Index is available at www.msci.com.



Where can I find more product specific information online?

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

For more information see www.carnegroup.com/zurich/.