



Annual Sustainability Report New World Indexed Euro Corporate Bond Fund

December 2023

Version 23/1

Helping people build
better futures

Introduction

At Irish Life, we believe in doing right by your money by helping build a better future for all.

Through Irish Life Investment Managers (“ILIM”) we invest your money in a responsible way that benefits you and the planet.

Product Name: New World Indexed Euro Corporate Bond Fund

Legal Entity Identifier: YYV6S3OE6EWZYI2FFW31

Status under the EU Sustainable Finance Disclosure Regulation (SFDR)

There are new rules which require any fund which promotes environmental and/or social characteristics to provide detailed sustainability related disclosures to prospective customers.

As this Fund has been categorised as meeting the provisions set out in Article 8 of the EU SFDR, this report provides further details on what the sustainability related ambitions of the Fund are and how the sustainability related ambitions of the Fund are met.

Investment Objective

This Fund is passively managed and invests in Euro-denominated investment grade large cap corporate bonds. The Fund aims to perform in line with the ICE ILIM Sustainable Euro Corporate Bond Index. The Fund follows a proprietary benchmark index designed by ILIM to enhance exposure to positive Environmental, Social and Governance (ESG) factors and reduce investment exposure to carbon risk as set out by the Paris Climate Agreement. Qualifying bonds must have a maturity of greater than one year, a fixed coupon schedule and a minimum amount outstanding of EUR 500 million. Only bonds which are investment grade based on a composite rating are included in the index.



Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> It made sustainable investments with an environmental objective: __%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It made sustainable investments with a social objective: __%</p>	<p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p>
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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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

This Fund specifically aims to:



Reduce the impact of the Fund on Climate Change
(relative to the appropriate broad market benchmark)



Increase the Fund's exposure to companies with improved sustainability and lower ESG risk scores
(relative to the appropriate broad market benchmark)

The indicators used to measure the outcomes of this approach are:



Reduce the impact of the Fund on Climate Change

- > Reduction in carbon intensity of the portfolio versus the appropriate broad market benchmark.
- > Reduction in fossil fuel involvement of the portfolio versus the appropriate broad market benchmark.



Increase the Fund’s exposure to companies with improved sustainability and lower ESG risk scores

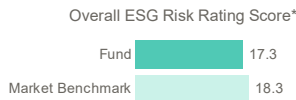
(relative to the appropriate broad market benchmark)

- > Reduction in the overall ESG risk scores versus the appropriate broad market benchmark.

How did the sustainability indicators perform?

Overall ESG Risk Rating

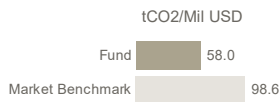
The Environmental, Social & Governance (ESG) Risk Rating measures the degree to which a company’s economic value is at risk due to not considering ESG factors using a calculation of the company’s unmanaged ESG risks.



*A lower score indicates a lower level of unmanaged ESG risk and potential risk to the economic value.

Carbon Intensity*

Carbon intensity is a metric used to compare company emissions across industries. The absolute emissions is divided by total earnings with the figure expressed in tonnes of carbon dioxide equivalent per million USD of total revenue.

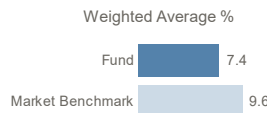


*Carbon intensity equals Scope 1 and 2 emissions only.

Note: ESG risk scores and carbon metrics are currently calculated for equity and corporate bond only which represent 100.0% of the portfolio.

Fossil Fuel

Fossil Fuel Involvement measures the percentage of earnings that companies get from thermal coal extraction, coal-based power generation, oil and gas production, oil and gas based power generation, and oil and gas related products and services.



...and compared to previous periods?

Overall ESG Risk Rating

The Environmental, Social & Governance (ESG) Risk Rating measures the degree to which a company’s economic value is at risk due to not considering ESG factors using a calculation of the company’s unmanaged ESG risks.

	2023	2022
Fund	17.3	18.4
Market Benchmark	18.3	19.4

Carbon Intensity

Carbon intensity is a metric used to compare company emissions across industries. The absolute emissions is divided by total earnings with the figure expressed in tonnes of carbon dioxide equivalent per million USD of total revenue.

	2023	2022
Fund	58.0	71.7
Market Benchmark	98.6	133.3

Fossil Fuel

Fossil Fuel Involvement measures the percentage of earnings that companies get from thermal coal extraction, coal-based power generation, oil and gas production, oil and gas based power generation, and oil and gas related products and services.

	2023	2022
Fund	7.4	8.6
Market Benchmark	9.6	10.3

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

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

This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

While this Fund is designed to consider and contribute to the sustainability of our environment and society within the provisions of Article 8 of the SFDR, it is not specifically designed to make “sustainable investments” as defined under SFDR or to make investments which qualify as “environmentally sustainable” under the EU Taxonomy. Notwithstanding this, some of the Fund’s investments were aligned with the EU Taxonomy. The environmental objective of these investments was “climate change mitigation” per Article 9 of the EU Taxonomy.

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

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

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

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

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

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

The EU Taxonomy sets out a “do no 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.

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.



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

The Fund aims to reduce negative impacts to the environment and society. These negative impacts are also called adverse impacts, of which the most significant are referred to as Principal Adverse Impacts (PAI).

Where possible and feasible, and in line with the nature of the investments, a number of adverse impacts are structurally and systematically considered as part of this Fund’s investment decision making. This consideration occurs before making investment decisions and, where an investment is made, as part of our ongoing monitoring and management of that investment.

We consider the following key PAIs in our decision making:



Impact on climate change:

- > Greenhouse gas emissions
- > Carbon footprint
- > Exposure to companies active in the fossil fuel sector



Impact on society:

- > Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- > Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

Investment decisions result in more capital allocation to companies with improved PAI indicators as a result of the ESG data integration.

Further details on the principle adverse impacts can be found at

<https://www.ilim.com/media/2265/ilim-pai-regulatory-document.pdf>



What were the top investments of this financial product?

Average, 01 January 2023 to 31 December 2023

Largest Investments	Sector	% Assets	Country
BNP PARIBAS SA	Banking	1.7%	France
CREDIT AGRICOLE SA	Banking	1.6%	France
BANQUE FEDERATIVE DU CREDIT	Banking	1.6%	France
ING GROEP NV	Banking	1.2%	Netherlands
BPCE SA	Banking	1.2%	France
SOCIETE GENERALE SA	Banking	1.1%	France
UNIBAIL-RODAMCO-WESTFIELD	Real Estate	1.1%	France
VOLKSWAGEN INTERNATIONAL	Automotive	1.1%	Netherlands
ORANGE SA	Telecommunications	1.0%	France
ENEL FINANCE INTERNATIONAL	Utility	0.9%	Netherlands
MORGAN STANLEY	Financial Services	0.8%	United States
INTERNATIONAL BUSINESS	Technology & Electronics	0.8%	United States
BANCO SANTANDER SA	Banking	0.8%	Spain
SIEMENS	Capital Goods	0.7%	Netherlands
GOLDMAN SACHS GROUP INC	Financial Services	0.7%	United States

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period.

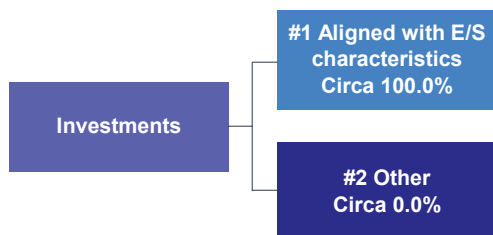


What was the proportion of sustainability-related investments?

The Fund may invest in Euro-denominated investment grade large cap corporate bonds and is a medium risk fund. The Fund promotes environmental and social characteristics alongside other factors (Article 8 of the SFDR).

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



#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.

In which economic sectors were the investments made?

The Fund invests in Euro-denominated investment grade large cap corporate bonds which can be classified into sectors. The table below illustrates the sector breakdown of the Corporate Bond investments made by the product.

Investments by sector*	
BANKING	29.6%
UTILITY	9.2%
FINANCIAL SERVICES	7.2%
REAL ESTATE	7.2%
CONSUMER GOODS	5.7%
TELECOMMUNICATIONS	5.5%
HEALTHCARE	5.1%
AUTOMOTIVE	5.0%
INSURANCE	4.1%
CAPITAL GOODS	3.8%
BASIC INDUSTRY	3.6%
TRANSPORTATION	3.2%
ENERGY	3.0%
TECHNOLOGY & ELECTRONICS	2.6%
OTHER	5.2%

While the product seeks to achieve a reduction in exposures to the fossil fuel industry through the promotion of environmental characteristics, companies with revenue involvement to the below fossil fuel activities remain:

- > exploration of fossil fuels
- > mining of fossil fuels
- > extraction of fossil fuels
- > production of fossil fuels
- > processing of fossil fuels
- > storage, refining, distribution (including transportation and storage and trade) of fossil fuels

The Fund's corporate fixed income and equity exposure to companies with involvement in the above sectors is estimated to be 7.4%. This compares favourably to the broad market benchmark which has 9.6% exposure.



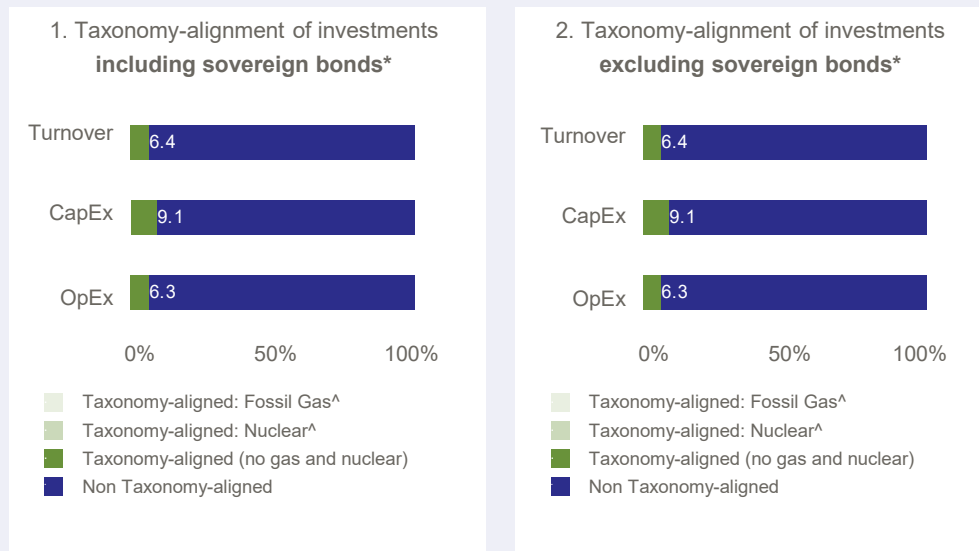
To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Although the Fund promoted environmental and social characteristics, the Fund's investment strategy does not explicitly target sustainable investments that are aligned with the EU Taxonomy criteria. Notwithstanding this, some of the Fund's investments were aligned with the EU Taxonomy. The environmental objective of these investments was "climate change mitigation" per Article 9 of the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy? (1)

Yes
 No
 In fossil gas[^] In nuclear energy[^]

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.



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

[^]Data relating to Taxonomy aligned Fossil Gas and Nuclear is not currently available. Data relating to these activities will be populated once the data becomes available.

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

The proportion of investments made by the Fund in transitional and enabling activities was 2.4% during the reference period.

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.

Transactional 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.

(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.

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

1. Taxonomy-alignment of investments including sovereign bonds*

Taxonomy-aligned (no gas and nuclear)	2023	2022
Turnover	6.4	4.9
CapEx	9.1	5.0
OpEx	6.3	0

2. Taxonomy-alignment of investments excluding sovereign bonds*

Taxonomy-aligned (no gas and nuclear)	2023	2022
Turnover	6.4	4.9
CapEx	9.1	5.0
OpEx	6.3	0

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

The taxonomy data shown reflects climate change mitigation revenues only. Revenues related to climate change adaptation are not material and will be added in due course.

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

N/A - This Fund did not commit to making sustainable investments or investments aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

The Fund did not intend to make any investments in sustainable investments with a social objective.



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 investments were included under “Other”, what was their purpose and were there any minimum environmental or social safeguards?

The Fund may invest in Euro-denominated investment grade large cap corporate bonds. The Fund may also invest in cash, derivatives such as future contracts and also FX derivatives such as FX forwards. Derivatives may be used to maintain or manage exposure to the market while managing the cash flows from subscriptions and redemptions into and out of the Fund more efficiently than by buying and selling transferable securities. The Fund will not generate synthetic short positions for investment purposes using financial derivatives. Given the nature of derivative investments, no minimum environmental or social safeguards can be applied. For cash holdings, no cash is held with banks which are on ILIM's exclusion list.



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

ILIM's Responsible Investment Framework is incorporated where possible into the index which the Fund tracks. For the bond exposures, the following approach is applied within the index which is detailed in our Responsible Investment Framework as follows:

1. The Index excludes the securities of companies which exhibit poor behaviour (UN Global Compact Violators) and those involved in activities such as the manufacturing of Controversial Weapons and Tobacco.
2. The Index integrates security level ESG risk ratings and principal adverse impact (PAI) indicators within our corporate bond investments to ensure a material improvement in these aggregate characteristics compared to broad market benchmark. These enhancements are achieved by overweighting securities that rank favourably across these metrics and underweighting laggards. The desire to maintain high levels of diversification within the Fund means that laggards are not eliminated entirely.



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

How did the reference benchmark differ from a broad market index?

The designated index promotes E/S characteristics due to the integration of ESG data. The broad market index, ICE BofA Euro Large Cap Corporate Index, does not consider the promotion of E/S characteristics and is weighted based on market capitalisation. The designated index is based on the constituents of the broad market index. Through a rules based methodology designed by ILIM and applied by the benchmark provider to the broad market index, the designated index is formed.

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?

As the Fund follows a passive indexed strategy whereby the Fund replicates and mimics the reference benchmark, the Fund and the reference benchmark have identical E/S characteristics as a result. Both Fund and reference benchmark are identically aligned with regard to the E/S characteristics promoted.

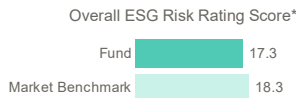
How did this financial product perform compared with the reference benchmark?

As the Fund follows a passive indexed strategy whereby the Fund replicates and mimics the reference benchmark, the Fund and the reference benchmark performed identically as a result.

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

Overall ESG Risk Rating

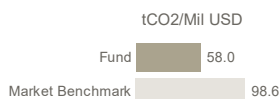
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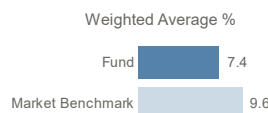
Carbon Intensity*

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

This disclosure is being made in accordance with the Sustainable Finance Disclosure Regulation (SFDR). It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. You should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

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