Shareholder Rights Directive II – How does Zurich Insurance Group comply?

The Shareholder Rights Directive 2017/828 (SRD II) amends Directive 2007/36 (SRD I) and promotes the long-term shareholder engagement and enhances the transparency between EU-listed companies and their investors. Zurich Insurance Group (Zurich) and its subsidiaries are institutional investors in various EU markets, and comply fully with the requirements set out in the Directive.

Engagement policy (Article 3g para 1): Does Zurich have a proxy voting and engagement policy?

Yes. Active ownership (defined by Zurich as proxy voting and engagement) is a vital part of Zurich's role as responsible investor. More detailed information can be found in Zurich's Proxy Voting Policy & Guidelines, as well as Zurich's engagement policy, which can be found in the appendix of our Responsible Investment White Paper.

Engagement policy (Article 3g para 1): Does Zurich report annually on implementation and progress?

Zurich has been a signatory to the Principles for Responsible Investment (PRI) since 2012. As such, we are required to report in detail on an annual basis on our environmental, social and governance (ESG) integration practice, relationships with external asset managers, as well as proxy voting and engagement. All PRI transparency reports since inception of Zurich's membership can be found on Zurich's responsible investment webpage as well as directly on www.unpri.org.

Investment strategy (Article 3h para 1): Does Zurich have procedures in place to ensure that the main elements of its equity investment strategy are consistent with the profile and duration of its liabilities, in particular long-term liabilities?

Zurich's Group Investment Management has defined a clear and systematic approach to investing, supported by both industry best practice and academic research. Applying this approach globally to all investment activities is of great value to Zurich. Not only does the approach provide consistency and discipline, it also helps safeguard against investment decisions becoming pro-cyclical, that is, taking on additional investment risk during 'good times' and being forced to reduce risk by selling investments at the worst possible moment during times of market stress. Long-term orientation and asset-liability management (ALM) – that is, making sure that Zurich's investment portfolio is consistent with the profile and duration of its liabilities – are cornerstones of this process, which is described in full detail in Zurich's Value Creation Paper.

Investment strategy (Article 3h para 1): Does Zurich have procedures in place to ensure that the main elements of its equity investment strategy contribute to the medium to long-term performance of its assets? Does Zurich have procedures in place to monitor both financial and non-financial medium to long-term performance of investee companies?

Yes. Performance management is an integral part of Zurich's investment philosophy. Another integral part is being a responsible investor, which means fully integrating ESG criteria into our investment process. Further details about Zurich's investment philosophy can be found in Zurich's Value Creation Paper and full details on how we apply ESG integration can be found in our Responsible Investment White Paper.

Arrangements with asset managers (Article 3h para 2): Does Zurich use external asset managers, and how are arrangements with them made?

At Zurich, Group Investment Management always aims to appoint the most suitable manager for each portfolio, whether internal or external. Currently roughly two-thirds of Zurich's assets, and an even higher proportion of securities mandates, are managed by external asset managers. A stringent, fact-based manager evaluation process is applied. More information about Zurich's investment philosophy can be found in Zurich's Value Creation Paper, a full chapter in our Responsible Investment White Paper talks about Zurich's process behind external manager selection, as well as how Zurich expects external asset managers to comply with its responsible investment strategy, including ESG integration, and active ownership such as proxy voting and engagement.

All of the documents mentioned above are available at https://www.zurich.com/en/sustainability/responsible-investment