

Responsible Investment

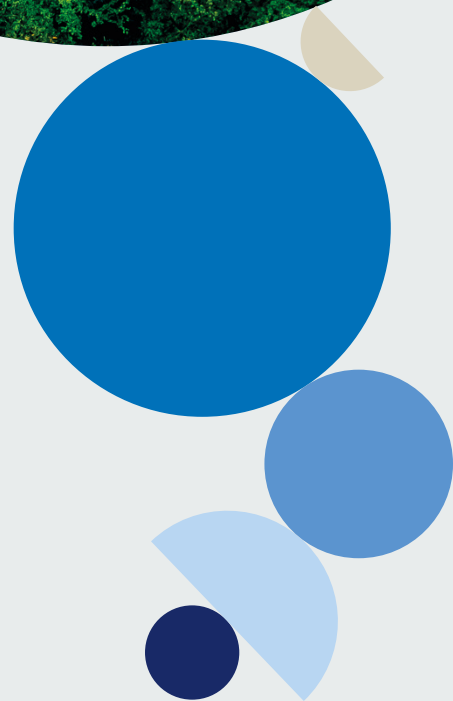


As a global group, Zurich Insurance Group (the Group) is committed to investing responsibly and is a signatory to the United Nations Principles for Responsible Investment. As an investment manager, Zurich Life in Ireland is conscious of the need to ensure that we invest policyholder and shareholder funds responsibly. For the Group, responsible investment is grounded in an economic approach and is all about ‘doing well and doing good’.



‘**Doing well**’ reflects a belief that being a responsible investor through integrating Environmental, Social and Governance (ESG) factors into our investment process can also create financial value, i.e. better investment returns. On a day-to-day basis, these are issues that we explore when we meet with investee company representatives. We also engage with the companies we invest in by voting on key management resolutions which we view as an important part of being an active, rather than passive, owner of assets. This should help to promote sustainable investment and longer term investment returns to the benefit of all stakeholders.

‘**Doing good**’ means that through our investments we can have a positive impact on society and the environment. We consider that positive impact as non-financial value; value that cannot be directly or immediately translated in dollars and cents. Active ownership helps to make it clear that non-financial metrics are part of our assessment of a company’s performance and allows us to encourage those companies to do the right thing.



ESG integration

The incorporation of Environmental, Social and Governance (ESG) integration means investing with respect to the environmental, social and governance characteristics of underlying securities. 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.

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.

Selective Exclusions

While to date Zurich Life has not adopted a broad-based exclusionary approach to investments there are certain situations where we believe exclusion criteria are justified. The exclusion criteria cover activities that are irreconcilable with Zurich's values, sustainability strategy and reputational risk. The exclusion criteria cover activities in thermal coal, oil sands and oil shale. Zurich has also engaged 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 2022, Zurich introduced a carbon reduction ambition across relevant internally managed equity and credit portfolios. This Phase 1 ambition has been achieved, and Zurich has recently adopted a Phase 2 carbon reduction ambition.

Under this ambition, we expect to see the carbon intensity* of relevant equity and credit portfolios in our multi-asset funds decrease by 55% by year end 2029 compared to 2019 levels.

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

For this phase, running to the end of 2029, we anticipate that the actions of investee companies and stable to rising asset values will help support the reduction of carbon intensity across the relevant portfolios, rather than relying on significant changes to the assets within the portfolios. However, as investors, we actively contribute to achieving this ambition through active ownership, which includes proxy voting and engagement. These efforts are designed to influence and guide companies in reducing their own emissions.

By continuing to invest in companies that need to transition to lower carbon footprint business models, we can promote environmental characteristics and sustainability. We believe that this approach has a greater net impact than simply divesting from these companies. Nonetheless, the ambition is supported by our selective exclusion of thermal coal, oil sands, and oil shales-related assets above certain thresholds.

*Reduction of emissions intensity (Scope 1 and Scope 2). Emissions intensity is defined as metric tons CO2 equivalent per USD million invested.

For more information on Responsible Investment with Zurich please do not hesitate to get in touch or log on to www.zurich.ie/responsibleinvestment

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