



# Responsible Investment

with Zurich Life



In recent times the topic of Responsible Investment has garnered a lot of attention both internationally and locally here in Ireland. However Responsible Investment does not have a standard definition – it can mean different things to different people.



For Zurich Insurance Group it is all about 'doing well' and 'doing good'. Central to this idea is the integration of Environmental, Social and Governance (ESG) factors into how investment decisions are made. Zurich Life in Ireland is fully committed to ESG integration and has been adopting key Responsible Investment principles for several years now.

The core of our investment process has remained the same for the many years Zurich Life has been managing money for Irish savers and investors. As an active investment manager we are always trying to refine and enhance our process. The integration of ESG factors into our investment process can help deliver additional insights which in turn can improve our assessment of investment risks and rewards.

Responsible Investment is not about philanthropy nor is it 'ethical investing' which can exclude large areas of the investment universe. It is an economic approach to investing. Our aim is to have both positive financial and non-financial benefits for all stakeholders by applying sound principles and integrating them in a practical way into our process.

This guide explains more about the approach of Zurich Insurance Group and Zurich Life in Ireland to Responsible Investment. The Group is a signatory to the United Nations Principles for Responsible Investment, PRI.

The guide also explains what we in Zurich Life mean by ESG integration and active ownership – including our policy on voting in investee companies. And we provide some practical examples of how these have been integrated in our day-to-day work.

We are proud of our Responsible Investment efforts. We have expertise – both locally and at Group level – and we are well positioned to deliver good outcomes for our customers in this area.

I hope you will find this guide helpful and informative. If you would like further information please visit [www.zurich.ie/responsibleinvestment](http://www.zurich.ie/responsibleinvestment) or if you have any queries please do not hesitate to get in touch.

**David Warren,**  
Chief Investment Officer  
Zurich Life Assurance plc

# Our Responsible Investment Principles

At Zurich Insurance Group (the Group) and Zurich Life we aim to create sustainable value for customers, shareholders, our people and broader society. This is core to how we do things, we focus on long-term success over short-term gains.

When investing responsibly, we look to generate a positive impact but not at the expense of returns. We want to do good naturally but we also want to do well in investment terms for our shareholders and customers.

When investing we aim to:

- create sustainable value for all our stakeholders
- focus on long-term success over short-term gains.

The Group's Responsible Investment strategy has three parts under the core objective of doing well and doing good: the integration of Environmental, Social and Governance (ESG) factors into the investment process; impact investing using the Group balance sheet; and finally, advancing together as an investment community to invest responsibly.

1

## ESG Integration

### Integration of Environmental, Social and Governance factors

- Investment Process
- Training & Information
- Active Ownership



2

## Impact Investing

### Making an impact by funding solutions

- Intentionally
- Measurability
- Profitability



3

## Advancing together

### Collaborating to advance Responsible Investment practice

- Innovation
- Collaboration
- Public Advocacy



# Our Actions & Objectives

Zurich Insurance Group was an early signatory of the United Nations Principles for Responsible Investment (PRI) in 2012 and the Group has implemented its Responsible Investment strategy. One of the key requirements of these principles is that the Group incorporates Environmental, Social and Governance factors (ESG) into its investment process. Zurich Life probes these factors when talking to companies and promotes the principles where possible.

As an owner and provider of capital to a company, we become important stakeholders and receive a voice – if not literally a seat – at the table. We strive to actively execute our voting rights – and this means to not just vote with management. We also want to make sure that when we interact with the companies in which we invest (by talking to Investor Relation Officers or senior management; attending conferences and earnings calls) that they are, where appropriate, considering ESG factors in their decision making. Finally, maximising value does not stop once an investment decision is made – continued analysis and engagement is an integral part of our investment process.



## ESG Investment – An Overview

What are the considerations that go into ESG investment?



### Environmental

- Climate change
- Water
- Pollution
- Sustainability

On the Environment – what are the long-term impacts of issues such as climate change and water scarcity on the company? We might favour a company with a more advanced approach to water conservation as a result.



### Social

- Human rights
- Stakeholder relations
- Supply chain

In the Social area – how does the company manage its employees and suppliers for long-term success? Is it exposed to developing regulations, for example sugar taxes for confectionery companies. We may need to adjust our valuations for potential future regulations that constrain profit growth.



### Governance

- Director relationships
- Inadequate governance and compliance
- Shareholder dilution

On Governance, we ask if the company is governed fairly and effectively through its board and procedures. We may not invest in the company if the board is not sufficiently independent to look after stakeholder interests. Our preference is for companies with equal voting rights.

# ESG Integration – Investment Process

## What it is

- Another valuable input to security selection
- An economic approach dependent on valuation

## What it isn't

- A guarantee of superior returns
- A prohibition on low ESG-rated stocks

ESG integration can be a valuable input into investment analysis and security selection. It is a means to help highlight risks and to help ensure that the securities are priced accordingly. This represents a sound economic approach to investment. As an active manager Zurich Life has always used a number of metrics to analyse the companies we invest in. The advent of ESG analysis formalises factors that were previously considered in a less structured format, gathers data in a timely and concise way, and allows additional comparison of companies in conjunction with traditional metrics.

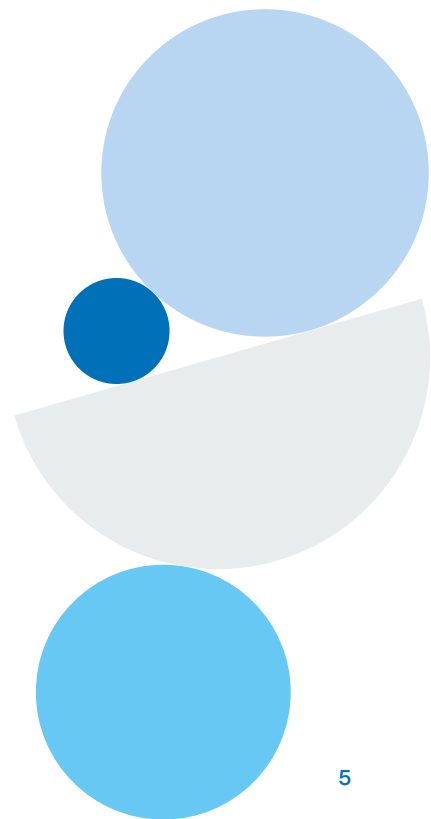
ESG analysis is not a guarantee of superior returns, no more than traditional accounting and valuation analysis would be. Our belief at this stage is that changes in ESG ratings are more a driver of stock prices than the rating itself. It is also worth noting that ratings remain subjective in nature and are not yet comparable across different ESG data providers. It can also be difficult to accurately measure the effect of ESG factors on stock price. Therefore, as always, a holistic approach to appraising investments is vital.

We maintain that ESG risks and opportunities are best managed through an ESG integration approach. However, there are certain areas where we believe that selective exclusion criteria are justified. For example, the Group and Zurich Life do not engage in any business with, or directly investing in, a number of companies involved in the production of cluster munitions and anti-personnel landmines.

In 2018, the Group stopped providing insurance or risk management services for new thermal coal mines and for potential new clients that derived more than half their revenue from mining thermal coal and also from utilities that generate more than half their energy from thermal coal. Such companies were also excluded from the Group's own investment assets. The exceptions are those companies making positive changes to move from coal, and the Group wants to actively encourage this through positive engagement with the companies. Since 2019, we do not invest in companies whose primary activities involve either the extraction or use of thermal coal from our policyholder funds in Ireland.

We do not exclude companies from the investment portfolio just because of a low ESG rating. However, it will be an input into our decision making process, and we will be cognisant of the company making decisions to move in the right direction.

Integrating ESG into the way securities or assets are selected is both an economic and rational approach. Performing ESG integration is an incremental process and is another valuable metric in the active investment decision making process.



# ESG Integration – Training & Information



## Training

### For investment managers and analysts

Zurich Life puts a strong emphasis on training and education throughout the organisation, and training in the field of Responsible Investment is no exception.

All our in-house portfolio managers as well as the in-house analysts in our portfolio management teams must undertake mandatory Responsible Investment training.



## Access to information

### MSCI is our ESG data provider

Zurich Life sources ESG data from Morgan Stanley Capital International (MSCI), a third-party specialist data vendor, which we appointed as our ESG data provider in 2013. All of our in-house portfolio managers have access to ESG data on MSCI's 'ESG Manager' online platform.



# ESG Integration – Active Ownership

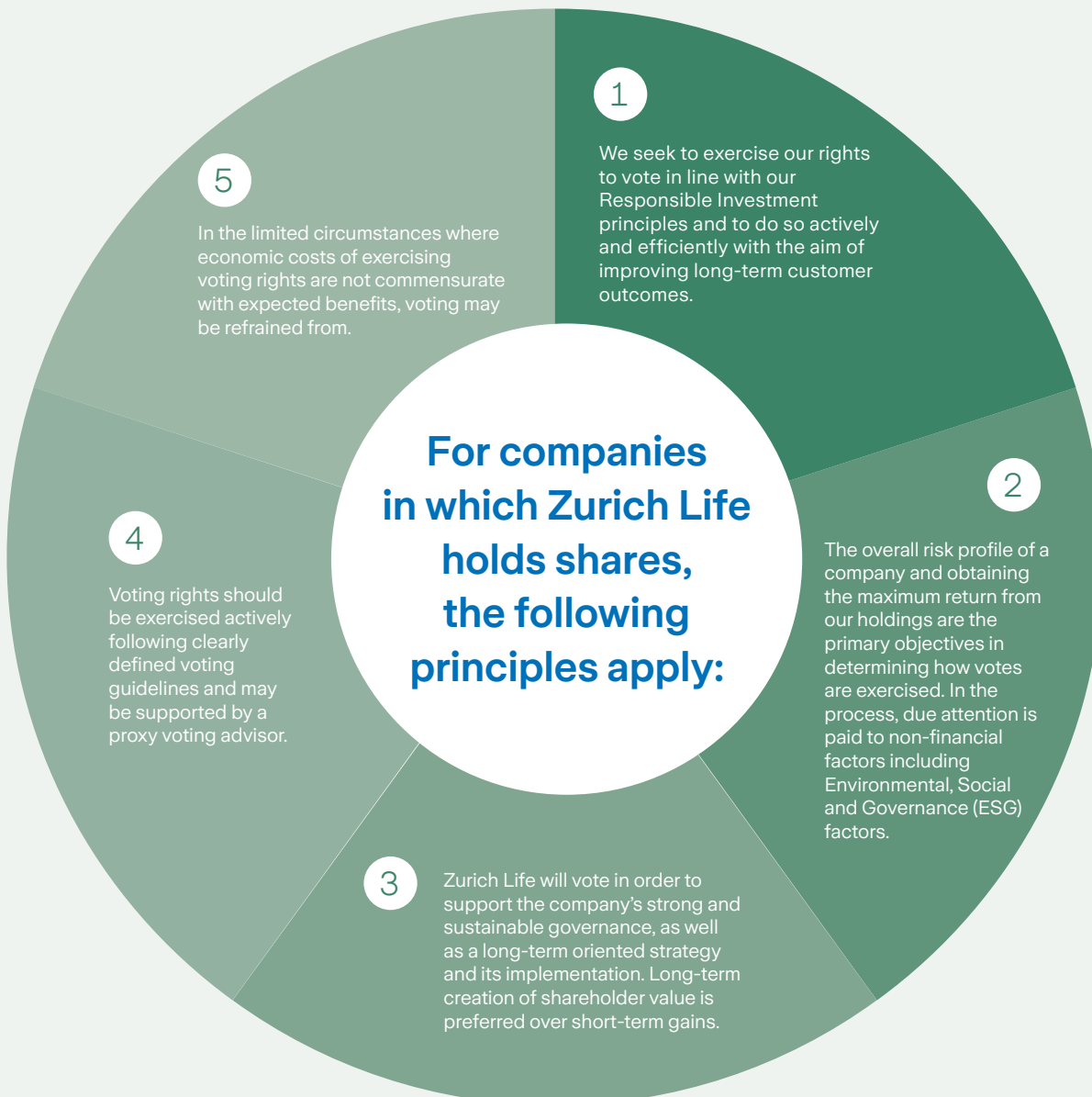
## Company Engagement

When Zurich Life engages with companies, we discuss financial and non-financial topics with them including ESG factors. We also vote fully on shareholder resolutions based on a locally approved policy with recommendations from Glass Lewis, our proxy voting advisor, albeit that we are not bound to follow their recommendations. Through the exercise of voting rights and engagement with investee companies investors can maximise investment value while addressing material ESG factors.

## Exercising our voting rights

Zurich Life believes that exercising voting rights, whenever possible without incurring undue costs, is in the best interests of the money it manages for Zurich Life's customers and it is aligned with the concept of 'doing well and doing good'. Voting is a way to express approval or disapproval of the stance of investee companies on key topics, to influence their behaviour and to encourage them to do the right thing. Actively exercising voting rights is an important aspect of Responsible Investment practices and part of our Responsible Investment strategy. Investors historically focused on topics that were seen as strictly financial. Today, a newer emphasis is being placed on the long-term sustainability of company business models which brings many non-financial topics into view.

It is in the interest of Zurich Life as a shareholder to have a clear voting policy on these matters, to exercise those voting rights actively and to ensure that companies focus on questions of long-term sustainability.



# Case Studies from Zurich Life in Ireland



**Pat Cunningham**  
Irish Responsible Investment Champion  
and Head of Pacific Equities

## High ESG rating

Zurich Life has a long-term holding in a Taiwanese technology company which has had a consistently high ESG rating. We meet and speak with the company regularly and are consistently impressed with its strategy for sustainable value creation. The company's corporate governance is excellent to the benefit of all stakeholders. The company has a strong commitment to being a technological lead, through cutting edge research and development. It also partners well with its customers and its highly qualified and motivated staff has driven long-term success, and exceptional investment returns. Occasionally, well-funded new entrants to the industry appear as a threat, but the company's track record and innovative mind-set give us confidence to maintain our holdings, and also add to them as opportunities arise.

We have a long-term holding in a best-in-class Irish building materials company. It gets the highest ESG rating with its consistently well managed operations, both existing and newly acquired. It is also best in class when it comes to its commitment to lowering carbon emissions in an industry which is naturally a high emitter. It continues to lead its peers in corporate governance practices with a majority independent board and key company committees are also independent of management. There is a strong and effective policy on employee safety in an industry with high exposure to potential injuries.

## Low ESG rating

We don't have a position in an Australian resources company which has extensive interests in high carbon emitting sectors. The company has not been prepared to outline a plan to either reduce emissions in line with global science base targets nor divest of the most culpable areas of the business. Corporate governance at the company is reasonable but its strategy of not responding to climate change imperatives makes the investment unpalatable to us. This is not only on the grounds of ongoing emissions but also the valuation risks of exposures to potentially stranded assets in the future.

A number of leading global companies get low ESG ratings due to different classes of shares and high founder and controlling stakes in the business. However, the evidence is very mixed on the impact of this on corporate sustainability and long-term success. It can be argued that a strong long-term vision – which often comes with the most far-seeing and successful entrepreneurs – outweighs the issues of board diversity and management control. We take each case very much on its merits. Naturally, we prefer a single share class and one share, one vote in line with best practice. However, we are prepared to make exceptions when the business and investment case are strong enough to withstand the deficit in shareholder control. This is the case with many US companies, especially in the technology sector where issues of data management and protection can also arise.

# Responsible Investment Engagement by Zurich Life



13 internally managed funds, with a combined **€25bn in assets** under management, classified as Article 8 according to SFDR.

For more information visit [zurich.ie/responsibleinvestment](https://zurich.ie/responsibleinvestment)



**10,243**

resolutions we voted on



**99%**

of equity holdings covered by MSCI for ESG factors



**832**

resolutions we voted against management on



**207**

company engagements across our equity regions

Source: Zurich Life.

Figures in above graphic are as at 31 December 2025.



## Vote for

We encourage the move from fossil fuel energy generation to renewables where we can as part of our support of the Paris Accord on limiting climate change. We do this by supporting management strategies to divest coal, oil and gas assets in favour of investment in renewable and clean technologies. We also support shareholder resolutions on greater disclosure of climate exposures. We invest directly in companies involved in the manufacture of renewable energy equipment which should benefit from the long-term trend towards wind, solar and other carbon free energy solutions.



## Vote against

Our most frequent votes against management recommendations are in the area of governance and compensation plans. We will vote against the re-election of directors who we believe, for example, serve on too many boards. We will also vote against what we believe are excessive compensation plans and those which are not demanding enough to achieve.

To give an example, we voted against the re-election of the chief executive of a German building materials company. Our primary issue was the misallocation of capital at the company – one example was a value destroying acquisition in another country when capital returns to shareholders would have been a better use of resources and actually had been a prior management commitment.

Source: Zurich Life, 31 December 2025.

# Impact Investing

Zurich is a leading impact investor. We have a history of challenging ourselves, learning and sharing these learnings back to the market. At Zurich, we define impact investing as investment opportunities that allow us to intentionally target a specific social or environmental impact, provide a measurable impact, and are profitable – meaning that they generate a financial return commensurate with their risk.

Zurich confirms its ambition to help avoid 5 million metric tons of CO2-equivalent emissions and improve the lives of 5 million people every year. We will build the diversified and profitable impact investment portfolio needed to meet these ambitions.

Zurich evaluates impact investments within the context of specific asset classes and creates dedicated strategies for impact investments within those classes. While continuing to make systematic use of ESG data in investment decision-making and valuation, we look at a variety of ways to grow our impact investment portfolios around the world.

Green, social & sustainability bonds (USD millions)	9,834
Impact private equity (USD millions)	284
Impact infrastructure private debt (USD millions)	851



**3.4m**

tons

CO2 equivalent emission avoided



**5.4m**

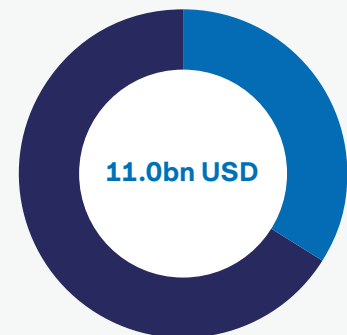
people benefited by positive contribution to their lives and livelihoods



**11.0bn**

USD

Total amount of impact investments



■ Social 34%

■ Environmental 66%



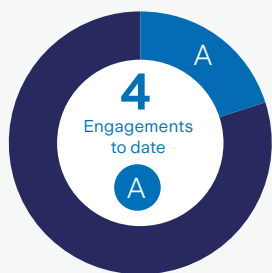
## Advancing together

In 2025, Zurich Group made significant progress against their climate transition plan. From September 2024 to September 2025, they engaged with 77 large insurance customers, exceeding their initial target of 65 engagement within the first year of publication of the plan.\*

Taking into account our stakeholders' needs is crucial in the identification of our sustainability priorities. This is why we actively engage with them in different ways. Engagement allows us to get valuable insights, which we include in our decision-making process. The feedback we collect helps us anticipate and mitigate potential risks and align our sustainability strategy with expectations, thus strengthening the foundation of our Sustainability Framework.

Our own transition is dependent on the transition of the real-world economy and an effective public policy framework. Through active engagement at COP30, New York Climate Week and the publication of the Safeguarding our Energy Future white paper, we shaped and advocated for policies that can help achieve a just, resilient and economically successful transition.

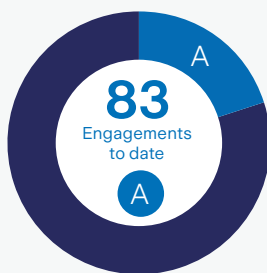
### Engagements with our investees



**Target:** Until 2030, we will engage with 20 high-emitting investee companies currently lacking credible science-based targets, focusing on those with the greatest potential to reduce real-world emissions.

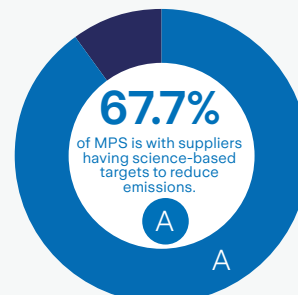
### Engagements with our customers

Interim target achieved  
Sept 24 – Sept 25 target of 65 engagements with 77 achieved



**Target:** Until 2030, we will engage with 450 of our large insurance customers who contribute most heavily to our portfolio emissions, and where our direct relationship means we have a greater degree of interaction, on their transition.<sup>1</sup>

### Suppliers with science-based targets



**Target:** By 2025, we will allocate 75 percent of our Management Procurement Spend to suppliers with science-based targets to reduce emissions.<sup>2</sup>

## ESG Exclusions

Overall progress towards the Paris Agreement goals is slow and all pathways analysed in the Intergovernmental Panel on Climate Change's (IPCC's) 1.5 degrees report published in October 2018 and the International Energy Agency Net Zero by 2050 scenario require a "steep reduction" in the use of fossil fuels. Limiting average temperature increases to 1.5°C rather than 2°C will result in "robust differences" in terms of fewer and less intense severe weather events such as droughts, floods and wildfires. It will also reduce impacts on sea level rise, species loss and extinction, public health and livelihoods, water and food security and economic growth. These are all important impacts, not only for society, but for insurers as we support our customers' and society to manage climate risks.

The most carbon-intensive fossil fuels (coal, oils sands and oil shales) create a particular challenge for global greenhouse gas emissions and that is why Zurich has focused on reducing our exposure to these fossil fuels in particular.

1. Determined by scope 1 and 2 for our customers' emissions using the Partnership for Carbon Accounting Financials (PCAF) insurance-associated emissions methodology for commercial lines, covering customers with revenues greater than USD 1 billion.

2. We consider a supplier to have science-based targets when their emissions reduction targets are approved by a scientifically body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions by 2030.

\* Source: Zurich Insurance Group Sustainability Report 2025.

### Coal

Coal is the result of the carbonisation of plant leftovers. During the combustion of coal, greenhouse gases, fine dust and poisonous smog are released into the air.

We exclude issuers and companies

- that generate more than 30 percent of their revenue from thermal coal mining,
- that extract more than 20 million metric tons of thermal coal a year,
- that generate more than 30 percent of their power from coal,
- or that are in the course of developing new infrastructure projects for coal mining or generation of power from coal.

### Oil shale

Oil shale refers to rocks from which shale oil is extracted by heating. The mining of oil shale requires a lot of water and results in the release of carbon dioxide, a greenhouse gas.

We exclude issuers and companies

- that generate more than 30 percent of their income from the mining of oil shale,
- or that generate more than 30 percent of their power from oil shale.

### Oil sand

Oil sand is a mixture of oil, water and sand and is a key source of crude oil. The mining of oil sand is harmful for the environment and for the climate, as it requires a lot of water and energy.

We exclude issuers and companies

- that generate more than 30 percent of their revenue from the extraction of oil from oil sand,
- or that operate infrastructures for the transport of oil sand products.

Zurich Insurance Group and Zurich Life:

# advancing together

Zurich Insurance Group is working steadily to broaden the scope, power and value of Responsible Investment. Much of this involves in-house work, but clearly, we cannot do this alone.

So, the Group has signed the United Nations Principles for Responsible Investment (PRI) and Principles for Sustainable Investment (PSI) and it collaborates with initiatives such as the Global Impact Investing Network (GIIN). The Group is also on the Executive Committee to the Green Bond Principles and Social Bond Principles and it is funding academic research on Responsible Investment through the Investment Leaders Group (ILG) of the University of Cambridge.

Zurich Life in Ireland is also fully committed to the adoption and integration of Responsible Investment into how we manage monies for our customers. We have had a Responsible Investment framework in place for a number of years, and we maintain a key focus in this area. Representatives from Zurich Life sit on a number of strategy groups across the industry, including the Irish Association of Investment Managers.

We are committed to broadening the base of people who understand what Responsible Investment is, its importance and what it can achieve.



For more information on Responsible Investment with Zurich Life please do not hesitate to get in touch or log on to [www.zurich.ie/responsibleinvestment](http://www.zurich.ie/responsibleinvestment)

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

Intended for distribution within the Republic of Ireland.

GR: 21303 Print Ref: ZL IB 6625 0526

