

# Sustainability related disclosures for Zurich Life

## Information on policies on the integration of sustainability risks into the investment decision-making process

Sustainability risks are environmental, social and corporate governance management risks (so-called “ESG” risks), which have the potential of negatively impacting the value of an investment.

Detailed information about our policies on the integration of sustainability risks in our investment decision-making process is available at [www.zurich.ie/responsibleinvestment](http://www.zurich.ie/responsibleinvestment). For funds managed by Zurich, sustainability risks are integrated into our investment decisions in the following ways:

### ESG Integration

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. Zurich sources ESG data from Morgan Stanley Capital International (MSCI), a third-party specialist data vendor. All of our in-house portfolio managers have access to ESG data on MSCI's 'ESG Manager' online platform. This information is also integrated directly into our security selection process via the Bloomberg system. Performing ESG integration is an incremental process and is another valuable metric in the active investment decision making process.

### Active Ownership

Active management is more than just active selection, it is also about the concept of active ownership. As a shareholder, Zurich has a clear voting policy and exercises these voting rights actively to ensure that companies are encouraged to focus on questions of long-term sustainability. Zurich actively executes voting across its entire portfolio of directly managed equity investments with agreed approaches across a wide range of issues such as corporate governance and other key ESG factors. We do this in a transparent way, and in the spirit of the Shareholder Rights Directive II, we fully publish our voting records on our [website](#).



**€11.7bn**

equity assets that include an ESG consideration



**12,200**

resolutions we voted on



**€2.1bn**

corporate bond assets that include an ESG consideration



**1,240**

resolutions we voted against management on



**10,600**

companies covered by MSCI for ESG factors



**320**

company engagements across our equity regions



## Selective Exclusions

Additionally, recognising the particularly harmful impact of coal on climate, we have begun excluding investments in thermal coal companies and have divested from equity holdings in companies that derive more than 30%<sup>1</sup> of their revenues from mining thermal coal, or utility companies that generate more than 30%<sup>1</sup> of their electricity from coal.

## Externally managed funds

Fund options are available on our products where the investments are not managed directly by the internal Zurich investment management team. Information on the integration of sustainability risks for these investments is detailed below:

### Passive Funds

Within its fund range, Zurich offers a range of funds with a passive investment style. Rather than trying to anticipate and identify growth opportunities, a passive fund will aim to mirror the performance of a particular stock market index.

Zurich does not consider the integration of sustainability risks when selecting passive funds because these funds are designed to target the return on an index.

### Active Funds

Zurich also partner with a number of global fund managers to offer funds across a variety of multi-asset and individual asset investment themes. When conducting due diligence on these underlying investments, a number of metrics and risks are considered. Zurich does not currently consider the integration of sustainability risks when selecting these

funds. For information relating to any of our external fund managers please use the links below:

- [BlackRock](#)
- [Columbia Threadneedle](#)
- [Dimensional](#)
- [Invesco](#)
- [JP Morgan](#)

### Self Directed Products

In our "Self Directed Products", you can manage your pension fund investments yourself by selecting your own stocks, shares and other assets from the range we make available via one of our stockbroker partners. Within these products Zurich does not have any influence on the investments made and does not restrict access to securities based on sustainability risks. Therefore, there is no allowance or influence from Zurich in relation to the integration of sustainability risks with respect to these products.

## Transparency of remuneration policies in relation to the integration of sustainability risks

### General Remuneration Policy

The remuneration policy implemented by Zurich is consistent with the integration of sustainability risks including regular evaluation of whether the remuneration architecture does not encourage any inappropriate risk taking. The policy relates to the remuneration of Zurich's employees (including Financial Advisors providing financial advice), but not to Zurich's investment activities.

### Investment Management Remuneration Policy<sup>2</sup>

Team members are evaluated against both short term and medium-term performance outcomes in order to encourage appropriate decision making. We use Responsible Investment principles – including ESG integration – as part of normal portfolio management activities for the relevant asset classes. Investment mandates, which are determined by Zurich's investment governance committees, limit the risks that the team is permitted to take, consistent with a company-wide approach to discouraging inappropriate risk taking.

<sup>1</sup>This has been updated in 2022 to reflect the enhancement of Zurich's exclusions policy.

<sup>2</sup>This section has been updated in April 2023 to reflect new wording in relation to our 'Investment Management Remuneration Policy'.

### Zurich Life Assurance plc

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Telephone: 01 283 1301 Fax: 01 283 1578 Website: [www.zurich.ie](http://www.zurich.ie)

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

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**Statement on principal adverse impacts of investment decisions on sustainability factors**


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|--------------------------------------|---|
| <b>Financial market participant:</b> | Zurich Life Assurance plc, 54930000JM5D7YO7PG59 |
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**1. Summary**

Zurich Life Assurance plc 54930000JM5D7YO7PG59 considers adverse impacts of its investment decisions on sustainability factors. This Principal Adverse Sustainability Impact Statement was published on 30 June 2023. The statement is the consolidated Principal Adverse Sustainability Impacts statement of Zurich Life Assurance Plc (ZLAP). The Principal Adverse Impacts statement covers the reference period from 1 January 2022 to 31 December 2022. Zurich Group along in conjunction with ZLAP has agreed on a global set of investment processes across its entities, which aim to ensure a consistent approach to relevant topics in relation to Principle Adverse Impacts (PAI). Many of the harmful influences companies or real assets can have on the environment, their employees, or communities they operate in, may result in direct or indirect financial risks, the risk of losing the license to operate, competitive disadvantages or the loss of customer or community support. In other words, they constitute a “sustainability risk”. PAI indicators are a way of measuring these potential negative impacts on sustainability factors.

Further information on ZLAP’s approach to responsible investment can be found at [www.zurich.ie/responsibleinvestment](http://www.zurich.ie/responsibleinvestment)

**2. Description of the principal adverse impacts on sustainability factors**

ZLAP considers the principle adverse impacts on sustainability factors through our approach to Responsible Investment. ZLAP has also selected the following additional Principle Adverse Impact indicators:

1. Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
2. Share of investments in investee companies whose operations affect threatened species
3. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas
4. Share of investments in investee companies without a policy to address deforestation
5. Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
6. Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies

The table overleaf describes the mandatory and optional PAI indicators that ZLAP has elected to consider and provides an explanation on how ZLAP considers each indicator and what actions have been taken and are planned.

| No   | Adverse sustainability impact | Metric  | Impact [2022] | Explanation | Actions taken, and actions planned and targets set for the next reference period  |
|--|-------------------------------|---|---------------|-------------|---|
| Indicators applicable to investments in investee companies |                               |   |               |             |   |
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS           |                               |   |               |             |   |
| 1  | GHG emissions                 | Scope 1 GHG emissions (in Tonnes CO <sub>2</sub> )<br><br>Eligible assets: 72.97%<br>Covered assets: 48.97% | 417,802.34    | n/a         | <p>In relation to greenhouse gas (GHG) emissions we have undertaken Active Ownership (Voting and Engagement), Exclusions, ESG Integration, and maintain a carbon intensity (metric tons of CO<sub>2</sub> per USD million invested) reduction ambition in order to improve our carbon footprint. By 2025 ZLAP aims to reduce the intensity of Scope 1 and Scope 2 emissions of listed equity and corporate bond investments within the funds classified as Article 8 by 25% (metric tons CO<sub>2</sub>-equivalent per USD million invested). This ambition is set against a 2019 baseline. The carbon ambition is in line with Zurich Group's approach (consistent data and methodology). As a result, our carbon intensity does not include Scope 3 emissions as required by the Regulatory Technical Standards (RTS) for PAIs. However, this is in line with carbon reduction ambitions applicable to the wider Zurich Group, as outlined by the Net-Zero Asset Owners Alliance and endorsed by the UN PRI. We are also dedicated to transitioning our own-risk investment portfolios (i.e. those investments not linked to policyholder funds) to net-zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, taking into account the best available scientific knowledge. Science-based interim targets for 2025 have been set for listed equity, corporate debt and real estate. In addition, ZLAP applies a policy of exclusion by not investing in companies linked to certain types of activities, such as: Thermal coal: we do not invest in: (i) Mining companies that generate more than 30% of revenues from thermal coal or produce more than 20 million tonnes of thermal coal per year; (ii) Power companies that generate more than 30% of electricity from coal, (iii) Power or mining companies that are in the process of developing new coal mines or thermal power plants. Oil sands: we do not invest in companies that generate more than 30% of revenues from oil sands oil extraction or companies involved in oil sands pipeline transportation. Oil shale: we do not invest in mining companies that generate more than 30% of revenues from oil shale.</p> |

|   |  |   |                |     |  |
|---|--|---|----------------|-----|--|
|   | GHG emissions  | Scope 2 GHG emissions<br>(in Tonnes CO <sub>2</sub> )   | 85,690.55      | n/a | The description above also applies to this indicator.  |
|   |  | Eligible assets: 72.97%<br>Covered assets: 48.97%   |                |     |  |
|   | GHG emissions  | Scope 3 GHG emissions<br>(in Tonnes CO <sub>2</sub> )   | 3,491,291.92   | n/a | The description above also applies to this indicator. ZLAP does not take actions in relation to Scope 3 emissions. |
|   |  | Eligible assets: 72.97%<br>Covered assets: 48.88%   |                |     |  |
|   | GHG emissions  | Total GHG emissions<br>(in Tonnes CO <sub>2</sub> )   | 3,994,784.81   | n/a | The description above also applies to this indicator.  |
|   |  | Eligible assets: 72.97%<br>Covered assets: 48.94%   |                |     |  |
| 2 | Carbon footprint                                       | Carbon footprint<br>(Tonnes CO <sub>2</sub> Emissions per<br>invested EUR million)  | 139.88         | n/a | The description above also applies to this indicator.  |
|   |  | Eligible assets: 72.97%<br>Covered assets: 48.91%   |                |     |  |
| 3 | GHG intensity of investee companies                    | GHG intensity of investee companies<br>(Tonnes of CO <sub>2</sub> emissions per EUR<br>million of revenue)  | 390,364,507.17 | n/a | The description above also applies to this indicator.  |
|   |  | Eligible assets: 72.97%<br>Covered assets: 49.97%   |                |     |  |
| 4 | Exposure to companies active in the fossil fuel sector | Share of investments in companies<br>active in the fossil fuel sector   | 31.51%         | n/a | The description above also applies to this indicator.  |
|   |  | Eligible assets: 72.97%<br>Covered assets: 15.44%   |                |     |  |
| 5 | Share of non-renewable energy consumption              | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage | 66.62%         | n/a | The description above also applies to this indicator.  |
|   |  | Eligible assets: 72.97%<br>Covered assets: 44.44%   |                |     |  |

|   |   |   |      |     |   |
|---|---|---|------|-----|---|
| 6 | Energy Consumption Intensity Agriculture, Forestry & Fishing                                      | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 2.41%  | 0.54 | n/a | The description above also applies to this indicator. |
|   | Energy Consumption Intensity Mining and quarrying   | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 8.98%  | 1.76 | n/a | The description above also applies to this indicator. |
|   | Energy Consumption Intensity Manufacturing  | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 10.82% | 1.15 | n/a | The description above also applies to this indicator. |
|   | Energy Consumption Intensity Electricity, gas, steam and air conditioning supply                  | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 9.34%  | 7.06 | n/a | The description above also applies to this indicator. |
|   | Energy Consumption Intensity Water supply; sewerage; waste management and remediation activities  | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 7.14%  | 1.65 | n/a | The description above also applies to this indicator. |
|   | Energy Consumption Intensity Construction   | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 8.48%  | 0.21 | n/a | The description above also applies to this indicator. |
|   | Energy Consumption Intensity Wholesale and retail trade; repair of motor vehicles and motorcycles | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 9.76%  | 0.23 | n/a | The description above also applies to this indicator. |

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|---|--|---|-------|-----|--|
|   | Energy Consumption Intensity Transporting and storage        | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 8.98%  | 1.76  | n/a | The description above also applies to this indicator.  |
|   | Energy Consumption Intensity Real estate activities          | Energy consumption in GWh per million EUR of revenue of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 9.70%  | 0.70  | n/a | ZLAP does not hold any direct real estate investment assets, and therefore this indicator does not apply.                              |
| 7 | Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas<br><br>Eligible assets: 72.97%<br>Covered assets: 11.53% | 1.38% | n/a | In our portfolios, we will monitor activities negatively affecting biodiversity-sensitive areas by investee companies using MSCI data. |
| 8 | Emissions to water   | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average<br><br>Eligible assets: 72.97%<br>Covered assets: 0.66%  | 0.25  | n/a | In our portfolios, we will monitor emissions to water generated by investee companies using an MSCI data.                              |
| 9 | Hazardous waste and radioactive waste ratio                  | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average<br><br>Eligible assets: 72.97%<br>Covered assets: 18.09%  | 0.43  | n/a | In our portfolios, we will monitor waste generation generated by investee companies using MSCI data.                                   |

**INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS**

|    |   |   |        |     |  |
|----|---|---|--------|-----|--|
| 10 | Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises  | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises<br><br>Eligible assets: 72.97%<br>Covered assets: 50.16%   | 25.85% | n/a | Zurich Group became a signatory to the UN Global Compact in 2011 and has committed to aligning with the 10 principles. We respect the protection of international human rights within our sphere of influence and will work hard to avoid being complicit in human rights abuses. ZLAP is committed to fair and responsible business and prohibits all forms of bribery and corruption, as well as any business conduct that could create the appearance of improper influence. When interacting with customers, employees, shareholders, suppliers, the public at large or any other stakeholder, we aim to promote the following international best-practice standards to manage potential adverse human rights impacts: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework, OECD Guidelines for Multinational Enterprises, United Nations Global Compact. ZLAP applies Glass Lewis proxy voting guidelines, whereby the boards of large-cap and mid-cap companies in the EEA should be composed of at least 30% of gender diverse directors (women, and directors that identify with a gender other than male or female). Further, the boards of all European companies listed on a main market should contain at least one gender diverse director. ZLAP applies a policy of exclusion by not investing in companies linked to certain types of activities, such as controversial weapons: we do not invest in companies that produce, stockpile, distribute, market or sell landmines or cluster bombs. |
| 11 | Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises<br><br>Eligible assets: 72.97%<br>Covered assets: 49.74% | 47.69% | n/a | The description above also applies to this indicator.  |
| 12 | Unadjusted gender pay gap   | Average unadjusted gender pay gap of investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 14.36%  | 7.34%  | n/a | The description above also applies to this indicator.  |



|  |  |   |               |     |   |
|--|--|---|---------------|-----|---|
| 13   | Board gender diversity   | Average ratio of female to male board members in investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 49.76%  | 34.28%        | n/a | The description above also applies to this indicator.   |
| 14   | Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons<br><br>Eligible assets: 72.97%<br>Covered assets: 49.92% | 0.26%         | n/a | ZLAP explicitly excludes companies engaged in the listed activities from its investment universe. We respect the protection of international human rights within our sphere of influence and will work hard to avoid being complicit in human rights abuses. ZLAP is committed to fair and responsible business and prohibits all forms of bribery and corruption, as well as any business conduct that could create the appearance of improper influence. When interacting with customers, employees, shareholders, suppliers, the public at large or any other stakeholder, we aim to promote the following international best-practice standards to manage potential adverse human rights impacts: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework, OECD Guidelines for Multinational Enterprises, United Nations Global Compact, Zurich applies a policy of exclusion by not investing in companies linked to certain types of activities, such as: Controversial weapons: we do not invest in companies that produce, stockpile, distribute, market or sell landmines or cluster bombs. |
| <b>Indicators applicable to investments in sovereigns and supranationals</b> |  |   |               |     |   |
| 15   | GHG intensity  | GHG intensity of investee countries (Kton per EUR million of GDP)<br><br>Eligible assets: 48.63%<br>Covered assets: 19.98%  | 43,622,229.57 | n/a | ZLAP are dedicated to transition our own-risk investment portfolios to net-zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, taking into account the best available scientific knowledge. ZLAP monitors the carbon footprint of its sovereign debt positions.   |

|    |   |   |      |     |   |
|----|---|---|------|-----|---|
| 16 | Investee countries subject to social violations | Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law<br><br>Eligible assets: 48.63%<br>Covered assets: 15.45% | 0.00 | n/a | ZLAP respect the protection of international human rights within our sphere of influence and will work hard to avoid being complicit in human rights abuses. ZLAP is committed to fair and responsible business and prohibits all forms of bribery and corruption, as well as any business conduct that could create the appearance of improper influence. When interacting with customers, employees, shareholders, suppliers, the public at large or any other stakeholder, we aim to promote the following international best-practice standards to manage potential adverse human rights impacts: Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework, OECD Guidelines for Multinational Enterprises, United Nations Global Compact, ZLAP applies a policy of exclusion by not investing in companies linked to certain types of activities, such as: Controversial weapons: we do not invest in companies that produce, stockpile, distribute, market or sell landmines or cluster bombs. |
|----|---|---|------|-----|---|

#### Indicators applicable to investments in real estate assets

|    |   |  |     |     |   |
|----|---|--|-----|-----|---|
| 17 | Exposure to fossil fuels through real estate assets | Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels<br><br>Eligible assets: 29.94%<br>Covered assets: 0.00% | n/a | n/a | ZLAP does not hold any direct real estate investment assets, and therefore this indicator does not apply. |
| 18 | Exposure to energy-inefficient real estate assets   | Share of investments in energy-inefficient real estate assets<br><br>Eligible assets: 29.94%<br>Covered assets: 0.00%  | n/a | n/a | ZLAP does not hold any direct real estate investment assets, and therefore this indicator does not apply. |

### 3. Other indicators for principal adverse impacts on sustainability factors

## Additional climate and other environment-related indicators

| No   | Adverse sustainability impact  | Metric   | Impact [2022] | Explanation | Actions taken, and actions planned and targets set for the next reference period  |
|--|--|--|---------------|-------------|---|
| Indicators applicable to investments in investee companies |  |  |               |             |   |
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS           |  |  |               |             |   |
| 1  | Investments in companies without carbon emission reduction initiatives | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement<br><br>Eligible assets: 72.97%<br>Covered assets: 49.86% | 62.10%        | n/a         | ZLAP have undertaken Active Ownership (Voting and Engagement), Exclusions, ESG Integration, and maintain a Carbon Ambition in order to improve our carbon footprint. By 2025, ZLAP aims to: Reduce the intensity of emissions of listed equity and corporate bond investments by 25% (metric tons CO2-equivalent per USD million invested) The target is set against a 2019 baseline. The carbon ambition is in line with Zurich Group's approach (consistent data and methodology). As a result, our carbon intensity does not include Scope 3 emissions as required by the RTS for PAIs. However, this is in line with carbon reduction ambitions applicable to the wider Zurich Group, as outlined by the Net-Zero Asset Owners Alliance and endorsed by the UN PRI. In addition, ZLAP applies a policy of exclusion by not investing in companies linked to certain types of activities, such as: Thermal coal: we do not invest in: (i) Mining companies that generate more than 30% of revenues from thermal coal or produce more than 20 million tonnes of thermal coal per year; (ii) Power companies that generate more than 30% of electricity from coal, (iii) Power or mining companies that are in the process of developing new coal mines or thermal power plants. Oil sands: we do not invest in companies that generate more than 30% of revenues from oil sands oil extraction or companies involved in oil sands pipeline transportation. Oil shale: we do not invest in mining companies that generate more than 30% of revenues from oil shale. We are dedicated to transitioning our own-risk investment portfolios to net-zero greenhouse gas emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures, taking into account the best available scientific knowledge. Science-based interim targets for 2025 have been set for listed equity, corporate debt and real estate. |

|   |   |   |         |     |  |
|---|---|---|---------|-----|--|
| 2 | Land degradation, desertification, soil sealing | Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing<br><br>Eligible assets: 72.97%<br>Covered assets: 11.55%   | 2.61%   | n/a | In our portfolios, we will monitor activities negatively affecting biodiversity-sensitive areas by investee companies using MSCI data. |
| 3 | Natural species and protected areas             | 1. Share of investments in investee companies whose operations affect threatened species<br>2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas<br><br>Eligible assets: 72.97%<br>Covered assets: 1.31% | 100.00% | n/a | The description above also applies to this indicator.  |
| 4 | Deforestation                                   | Share of investments in companies without a policy to address deforestation<br><br>Eligible assets: 72.97%<br>Covered assets: 49.91%  | 20.01%  | n/a | The description above also applies to this indicator.  |

## Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

| No   | Adverse sustainability impact | Metric   | Impact [2022] | Explanation | Actions taken, and actions planned and targets set for the next reference period  |
|--|-------------------------------|--|---------------|-------------|---|
| Indicators applicable to investments in investee companies   |                               |  |               |             |   |
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS |                               |  |               |             |   |
| 1  | Excessive CEO pay ratio       | <p>Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)</p> <p>Eligible assets: 72.97%</p> <p>Covered assets: 31.71%</p> | 196.49        | n/a         | <p>We respect the protection of international human rights within our sphere of influence and will work hard to avoid being complicit in human rights abuses. ZLAP is committed to fair and responsible business and prohibits all forms of bribery and corruption, as well as any business conduct that could create the appearance of improper influence. When interacting with customers, employees, shareholders, suppliers, the public at large or any other stakeholder, we aim to promote the following international best-practice standards to manage potential adverse human rights impacts: - Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework - OECD Guidelines for Multinational Enterprises - United Nations Global Compact. ZLAP applies Glass Lewis proxy voting guidelines, whereby the boards of large-cap and mid-cap companies in the EEA should be composed of at least 30% of gender diverse directors (women, and directors that identify with a gender other than male or female). Further, the boards of all European companies listed on a main market should contain at least one gender diverse director.</p> |

|   |  |  |     |     |   |
|---|--|--|-----|-----|---|
| 2 | Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws | Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies<br><br>Eligible assets: 72.97%<br>Covered assets: 0.00% | n/a | n/a | We respect the protection of international human rights within our sphere of influence and will work hard to avoid being complicit in human rights abuses. ZLAP is committed to fair and responsible business and prohibits all forms of bribery and corruption, as well as any business conduct that could create the appearance of improper influence. When interacting with customers, employees, shareholders, suppliers, the public at large or any other stakeholder, we aim to promote the following international best-practice standards to manage potential adverse human rights impacts: - Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework - OECD Guidelines for Multinational Enterprises - United Nations Global Compact ZLAP applies Glass Lewis proxy voting guidelines, whereby the boards of large-cap and mid-cap companies in the EEA should be composed of at least 30% of gender diverse directors (women, and directors that identify with a gender other than male or female). Further, the boards of all European companies listed on a main market should contain at least one gender diverse director. |
|---|--|--|-----|-----|---|

#### 4. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

ZLAP considers the PAI of current investments. We have a framework in place to identify and assess specific PAIs. ZLAP identifies adverse impact indicators as part of ZLAP's approach to responsible investment, with the help of data and analysis provided by third party providers. Where optional PAI indicators were selected, they were done so in conjunction with Zurich Group colleagues to ensure alignment with the wider Zurich Group Responsible Investment strategy and integration of sustainability risks. This would include topics such the Zurich Group's net-zero 2050 commitment. In relation to calculations, methodologies, and potential margins for error, further information can be found in the Disclaimer section at the end of this document. An amendment to the ZLAP Investment Risk Policy referencing the consideration of Principle Adverse Impacts of investments was formally approved by the ZLAP Board in June 2023. ZLAP sources PAI data from Morgan Stanley Capital International (MSCI), a third-party specialist data vendor. All of our Zurich Life Investment Team have access to this data via an online platform.

Led by the ZLAP Chief Investment Officer, this team has responsibility for the implementation of Responsible Investment related activities and policies. To identify and prioritise material adverse impacts we apply a variety of tools anchored in our responsible investment approach:

1. Monitoring exposure: ZLAP monitors on a regular basis a selection of climate-related indicators alongside a selection of indicators relating to social matters including, employee relations, respect for human rights, and anti-corruption and anti-bribery matters.
2. Restricting investments: This covers excluding specifically harmful activities through ZLAP's exclusion policy.
3. Engagement: Supporting shareholder proposals, voting against management or engaging in accordance with our proxy voting policy and engagement approach.
4. In 2022, ZLAP introduced a carbon reduction ambition across its internally managed equity and credit portfolios. The aim is to reduce the carbon intensity of equity and credit portfolios in our multi-asset funds by 25% by 2025 vs 2019 levels.

## 5. Engagement policies

Active ownership (defined by ZLAP as proxy voting and engagement) is a vital part of Zurich's role as a responsible investor. ZLAP has adopted an approach to engagement where we seek to improve investee practices with a specific objective in mind. This approach to engagement describes Zurich's engagement process in terms of:

- Scope
- Objectives
- Prioritising our engagement
- Method of engagement
- Conflicts of interest

This policy also describes Zurich's commitment to providing transparency and regular reporting on engagement activities, and how ZLAP participates in collaborative engagements. More detailed information including Zurich Life's Proxy Voting Policy & Guidelines, the voting records of Zurich Life and Zurich, plus Zurich's approach to engagement, can be found here: <https://www.zurich.ie/sustainability/responsible-investment/active-ownership/>

## 6. References to international standards

As part of our commitment to sustainability, the Zurich Group is a signatory of the United Nations Global Compact, the UNEP FI Principles for Sustainable Insurance, and the UN Principles for Responsible Investment (UN PRI), ZLAP has adopted as appropriate those principles. The UN PRI are in alignment with the objectives of the Paris Climate Agreement. Participation and engagement with these organisations help ZLAP to formulate our policies in respect to identifying and mitigating principle adverse impacts. For more information on the standards that Zurich has adopted on a global scale, its memberships and adherence to the objectives it pursues, please visit our global website: [www.zurich.com/en/sustainability/strategy-and-governance/strategy](http://www.zurich.com/en/sustainability/strategy-and-governance/strategy). Further information relating to data used and the methodologies employed (including forward looking climate scenarios) by the Zurich Group can also be found at the above link.

## 7. Historical comparison

This section does not apply as this is the first reporting period.

## 8. Disclaimer

The above data was calculated in accordance with the SFDR regulatory technical standards using external data sources, and may be subject to error and/or inconsistencies which are outside our control. The methodology employed by individual data providers can differ and may involve subjectivity. Metrics can be calculated or assessed differently and lead to different results depending on the data provider. Not all investee companies report on individual sustainability characteristics and indicators.

1. The data provider for investee companies and funds is MSCI.
2. Limitations to methodologies and data: The data provided via MSCI is in some cases subject to low coverage.
3. For some funds that are managed by external fund managers, complete data was not available at the date of preparation of this report and some assets of ZLAP have therefore been excluded from the report.
4. Eligible Assets relevant for each PAI are defined and calculated based on the Instrument Type. Funds are always considered eligible if no eligibility indicator is available.
5. Eligible assets based on Instrument Type: Investee companies: bonds, stocks, private equity, derivatives (PAI 1-14); Sovereign Bonds (PAI 15-16); Real Estate (PAI 17-18). Funds can have a mix of instrument types. If no eligibility factor is available for funds, they will be considered 100% eligible for PAI 1-16.
6. Positions without PAI data are not considered in the calculations. If the data is available as a zero value, it is included in the calculation.
7. In some cases where there is no reported data, PAI calculations are based on a combination of estimated and reported values delivered by MSCI: Table 1: PAI 1, 7, 10, 16.
8. Each PAI is calculated for every quarter and then an average over all four quarters is built to obtain a yearly value.
9. PAI 1-3: The weight per instrument is an investee company in relation to the enterprise value of the investee company. For the purpose of calculating the PAI indicators for carbon footprint (indicator 2 table 1), the Greenhouse Gas emissions (GHG) intensity of investee companies (indicator 3 table 1) and the GHG intensity of sovereigns (indicator 15 table 1), “all investments” are considered.
10. For PAIs 3 and 15 ZLAP have followed the regulatory technical standards as prescribed by the European Supervisory Authorities. However, it is worth noting that the methodologies underpinning the calculations are currently under review and are liable to be updated in the future. Therefore the calculated values could change in future iterations of this statement.
11. PAI 10: The calculation includes both “orange” and “red” flags in relation to controversies attributed to a company’s operations and/or products by the data provider.
12. PAI 14: ZLAP exclusions policy cannot be applied to externally managed funds. As a result the ratio is higher than 0%.

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

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