



# RI TRANSPARENCY REPORT

## 2013/14

Zurich Insurance Group



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⌛	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

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# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Public							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	Description of RI considerations	✓	Public	✓					✓	
SAM 02	Role of investment consultants	✓	Public				✓			
SAM 03	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 04	Breakdown of passive, active quant and active fundamental	✓	Public							✓
SAM 05	ESG incorporation strategies	✓	Public	✓	✓					
SAM 06	Selection processes (listed assets)	✓	Public	✓					✓	
SAM 07	Appointment considerations (listed assets)	🔒	n/a				✓			
SAM 08	Monitoring processes (listed assets)	🔒	n/a	✓						
SAM 09	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 10	Selection processes (non-listed assets)	✓	Public	✓					✓	
SAM 11	Appointment considerations (non-listed assets)	🔒	n/a				✓			
SAM 12	Monitoring processes (non-listed assets)	🔒	n/a	✓					✓	
SAM 13	Description of RI considerations in 'other' asset classes	🔒	n/a	✓					✓	
SAM 14	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓					✓	
SAM 15	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 16	Disclosure of RI considerations	✓	Public						✓	

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	🔒	n/a	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	✓	Public	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
FI 02	Breakdown of investments by credit quality	✓	Public							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Public	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	✓	Public	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments by equity and debt	✓	Public							✓
PR 02	Breakdown of assets by management	✓	Public							✓
PR 03	Largest property types	✓	Public							✓
PR 04	Description of approach to RI	✓	Public	✓					✓	
PR 05	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 06	Fund placement documents and RI	🔒	n/a	✓			✓		✓	
PR 07	Formal commitments to RI	🔒	n/a				✓			
PR 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 09	ESG advice and research when selecting investments	✓	Public	✓			✓			
PR 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
PR 11	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PR 12	ESG issues impact in selection process	✓	Public	✓						
PR 13	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 14	ESG issues in post-investment activities	✓	Public		✓					
PR 15	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 16	Certification schemes, ratings and benchmarks	✓	Public		✓					
PR 17	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 18	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 19	Proportion of green leases or MOUs referencing ESG issues	✓	Public		✓					
PR 20	Proportion of assets engaged with on community issues	🔒	n/a		✓					
PR 21	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PR 22	Examples of ESG issues that affected your property investments	✓	Public	✓		✓				
PR 23	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	

# Zurich Insurance Group

## Reported Information

### Public version

### Organisational Overview

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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**OO 01.1** Select the category which best represents your primary activity.

- ☐ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☒ Insurance company
- ☐ Foundation or endowment
- ☐ Development bank
- ☐ Reserve - sovereign or government controlled fund
- ☐ Other, specify

**OO 01.2** Additional information. [Optional]

Zurich is a leading multi-line insurer that serves its customers in global and local markets. With more than 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich's customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries.

OO 02	Mandatory	Peering	General
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**OO 02.1** Select the location of your organisation's headquarters.

Switzerland

**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1
- ☐ 2-5
- ☐ 6-10
- ☒ >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

370

**OO 02.4** Additional information. [Optional]

FTE figure comprises Zurich's Investment Management organization, i.e. all staff with line reporting into the Group Chief Investment Officer.

**OO 03** **Mandatory** **Descriptive** **General**

**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- ☐ Yes  
☒ No

**OO 04** **Mandatory** **Gateway/Peering** **General**

**OO 04.1** Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2** Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		207	280	000	000
Currency	USD				
Assets in USD		207	280	000	000

**OO 04.3** Indicate the level of detail you would like to provide about your asset class mix.

- ☒ Approximate percentage breakdown to the nearest 5% (e.g. 45%)  
☐ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06** **Mandatory** **Descriptive** **General**

**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	1	3
Fixed income – corporate	4	25
Fixed income – government	15	21

Fixed income – other	1	9
Private debt	0	1
Private equity	0	1
Property	5	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	1
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	4	0
Other (1), specify	5	0
Other (2), specify	1	3

'Other (1)' specified

Mortgages

'Other (2)' specified

Loans

- ☐ Publish our asset class mix as broad ranges
- ☐ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

#### OO 06.2 Additional information. [Optional]

- Private equity: Zurich invests in private equity predominantly through the selection of third-party private equity fund managers. Zurich manages only a relatively small amount of direct private equity investments either made through co-investments (in-scope for ESG integration - see OA 01.03 for further details) or as part of 'legacy' portfolios (out-of-scope for ESG integration).
- Real estate: in a small number of instances, real estate portfolios are managed by external asset managers. In such cases, the same processes as described in SAM 03.2 apply.

OO 07	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 07.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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	% of externally managed assets
Segregated mandate(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

OO 07.2	Indicate the proportion of your externally managed assets in fund-of-funds.
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	% of externally managed assets
Fund-of-funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 08.1	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

<b>OO 08.2</b>	Additional information. [Optional]
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The Dow Jones Indexes Country Classification System was applied to determine the breakdown.  
([http://www.djindexes.com/mdsidx/downloads/brochure\\_info/Dow\\_Jones\\_Indexes\\_Country\\_Classification\\_System.pdf](http://www.djindexes.com/mdsidx/downloads/brochure_info/Dow_Jones_Indexes_Country_Classification_System.pdf))

OO 09	Voluntary	Descriptive	General
<b>OO 09.1</b>	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.		

At Zurich, Investment Management (IM) is responsible for managing the Group's own assets - or the investment of premiums received from writing insurance business. Zurich does not generally provide any asset management services to unaffiliated parties. All answers to this questionnaire relate primarily to the management of own assets. In a few instances in-house asset management teams manage specific funds that form part of insurance products offered directly to clients. Those investments are small relative to own assets. While Zurich's responsible investment approach and processes apply to these funds, figures reported will always refer to own assets only in order to ensure consistency with other publicly reported data. Zurich also offers its customers so-called unit-linked products where customers are responsible for choosing investment strategies from a range of externally-provided investment solutions. At this stage, unit-linked assets are not in-scope of Zurich's responsible investment approach.

As an insurance investment manager Zurich has a very strong focus on asset/liability management (ALM). To effectively manage investment risks relative to insurance liabilities, Zurich is required (often also by the regulator) to hold certain assets. For instance, Zurich will have to hold sovereign bonds to back certain local currency liabilities. In addition, Zurich is subject to various regulatory requirements across a wide range of jurisdictions. In some instances, such constraints may limit the scope of assets to which responsible investment practices can be actively applied.

Insurance investment management - the management of premiums received from writing insurance business - is relatively complex. ALM considerations (for example the structure of liabilities and the availability of assets), requirements to balance investment income and total return, regulatory requirements, tax considerations and other constraints vary widely across local jurisdictions. Zurich holds investments in over 500 different portfolios, held on over 200 different balance sheets in over 40 jurisdictions, managed by over 30 different external as well as internal asset managers. This complexity naturally requires exceptions and constrains the ability to provide universally-applicable responses in every instance. In answering this questionnaire, Zurich has refrained from commenting on every possible exception, and the answers provided apply to a majority of the assets in question. Nonetheless, Zurich is confident that the reporting framework, and the answers provided herein, capture Zurich's implementation of the principles to a large extent.

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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**OO 10.1**

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☐ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☐ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

**OO 10.2**

Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.

- ☐ Yes, our total listed equities are 10% or more of our total AUM
- ☒ No, our total listed equities are less than 10% of our total AUM

**OO 11****Mandatory****Gateway****General****OO 11.1**

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- ☒ Fixed income – corporate
- ☐ Fixed income – government
- ☐ Fixed Income – other
- ☒ Property
- ☐ Cash
- ☐ Other (1)
- ☐ Other (2)
- ☐ None of the above

'Other (1)' [as defined in OO 05]

Mortgages

'Other (2)' [as defined in OO 05]

Loans

**OO 11.2**

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- ☒ Fixed income – corporate
- ☐ Fixed income – government
- ☐ Fixed Income – other
- ☐ Private debt
- ☒ Private equity
- ☐ Hedge funds
- ☐ Other (2)
- ☐ None of the above

'Other (2)' [as defined in OO 05]

Loans

**OO 11.3**

Additional information. [Optional]

For the current implementation phase of Zurich's responsible investment approach, we are considering the following asset classes in-scope (see also OA 03.2 for further details and rationale):

- Active non-quant equity
- Active credit (financial credit; non-financial credit; municipal debt; direct lending)
- Private equity
- Real estate (direct investments)

Note that the same responsible investment processes apply to all actively-managed credit mandates that will be subsumed in 'fixed income - corporate.'

The following asset classes are considered to be out-of-scope:

- Sovereign bonds
- Passive or quant investment strategies for equity and credit (in-scope for active ownership only. See OA 3.2 for further details)
- Asset backed securities and covered bonds
- Money market funds and cash
- Real estate funds
- Mortgages
- Hedge funds
- Certain legacy investments (no further investment decision to be made)

**OO 12**
**Mandatory**
**Gateway**
**General**
**OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

Direct - Fixed Income

- ☒ Fixed Income - Corporate

Direct - Other asset classes with dedicated modules

- ☒ Property

**RI implementation via external managers**

Indirect - Selection, Appointment and Monitoring of External Managers

- ☒ Listed Equities
- ☒ Fixed Income - Corporate
- ☒ Private Equity

**Closing module**

- ☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.



# Zurich Insurance Group

## Reported Information

### Public version

### Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

☒ Yes

☐ No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

**OA 01.3**

Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Responsible investment forms a key element of Zurich's investment philosophy and is rooted in the Group's code of conduct and basic values ('Zurich Basics'). The Zurich Basics consider sustainable value creation as:

- creating value for customers, shareholders, employees and society
- proactively addressing ESG issues
- focusing on long-term success over short-term gains

At Zurich, responsible investment is about managing the overall portfolio of assets to create sustainable value or, in other words, to do well and do good. 'Well' means generating superior risk-adjusted returns for the benefit of Zurich's policyholders and shareholders, and 'good' means generating positive impact for the benefit of society and the communities in which we live and work.

Zurich's responsible investment approach is based on three pillars:

**1. ESG integration:** the proactive integration of ESG factors into the investment process - across asset classes, and alongside traditional financial metrics and state-of-the-art risk management practices - supports us in our mission to achieve superior risk-adjusted long-term financial returns. Successful ESG integration is based on:

- adequate training to help investment decision makers understand the relevance of ESG factors
- access to data, research and analysis pertaining to ESG issues to inform investment decision-making
- formal integration of ESG factors into the security and asset selection process
- active ownership practices

**2. Impact investing:** through impact investing Zurich can help fund solutions to many of the pressing social or environmental issues of our time. Zurich is directly exposed to challenges such as the potential effects of climate change or the use of scarce natural resources. It has a direct interest in sustainable economic growth, and the development of resilient communities. Impact investments address these and other issues by having a targeted, positive impact on society or the environment, but also offer a financial return commensurate with risks.

**3. Collaboration and thought leadership:** we believe that responsible investment will only truly have an impact if applied by mainstream investors. Only by acting collectively can ESG risk be priced efficiently and provide the right incentives to those seeking to raise capital in the market. Only by acting collectively will impact investments provide capital on the scale needed to tackle the pressing social and environmental issues of our time.

All of this can only be achieved by fully integrating these responsible investment practices into the overall investment approach. At Zurich, this is reflected through individual objectives across the Investment Management organization; through integration of responsible investment practices into standard processes, policies and systems; and through the dedicated effort and support of a small responsible investment team directly accountable to the Group's Chief Investment Officer.

**OA 02****Mandatory****Core Assessed****PRI 6**

**OA 02.1** Indicate if your responsible investment policy is publicly available.

☒ Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

<http://www.zurich.com/internet/main/sitecollectiondocuments/corporate-responsibility/zurich-responsible-investment-position-statement.pdf>

☐ No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

☒ Yes

☐ Yes, all

☒ Yes, some

**OA 02.4** List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Zurich Basics	<a href="http://www.zurich.com/internet/main/SiteCollectionDocuments/about-zurich/Zurich-Basics/zurich-basics-english.pdf">http://www.zurich.com/internet/main/SiteCollectionDocuments/about-zurich/Zurich-Basics/zurich-basics-english.pdf</a>
Investment Management Value Creation Paper	<a href="http://www.zurich.com/internet/main/sitecollectiondocuments/corporate-responsibility/investment-management-value-creation-2014-en.pdf">http://www.zurich.com/internet/main/sitecollectiondocuments/corporate-responsibility/investment-management-value-creation-2014-en.pdf</a>

☐ No

**OA 02.5** Additional information. [Optional]

Policy documents containing explicit reference to responsible investment practices, which are not available publicly:

- Corporate responsibility in business transactions (includes Group-wide exclusion policy for controversial issues)
- Asset manager life cycle process
- Private equity investment process manual

**OA 03**

**Mandatory**

**Core Assessed**

**PRI 1,2**

**OA 03.1**

Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**OA 03.2**

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

The following asset classes are currently excluded from ESG integration:

- Sovereign bonds: disciplined asset/liability management (ALM) practices and, in some cases, insurance regulation require Zurich to hold substantial amounts of minimum-risk assets denominated in local currency to back local liabilities. (See OA 13.1 for further details.) Zurich does not manage any multi-currency sovereign bond portfolios that would allow ESG factors to influence issuer selection.
- Asset-backed securities: Zurich has found no evidence that ESG factors are a relevant factor in risk and return for this asset class.
- Hedge funds: Zurich believes that the bulk of hedge fund strategies do not lend themselves to ESG integration practices. However, there is a very solid process in place to evaluate governance at the fund manager level.

For index or quant mandates, active ownership practices are the only applicable element of ESG integration. Where ownership of voting rights lies with a fund vehicle over which Zurich does not have control, active proxy voting is not applicable.

**OA 04****Mandatory****Core Assessed****General****OA 04.1**

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- ☐ Yes  
☒ No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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**OA 05.1** Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

**OA 05.2** Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
- ☐ Less than once per year

**OA 05.3** Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☒ Quarterly
- ☐ Biannually
- ☐ Annually
- ☐ Every two years or less
- ☐ It is not reviewed
- ☐ No

**OA 05.4** Additional information. [Optional]

See OA 07 for additional information on the objective-setting process.

OA 06	Voluntary	Descriptive	General
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**OA 06.1** List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

☒ Add responsible investment objective 1

Objective 1	Define and implement impact investing strategy
Key performance indicators	Total amount of impact investments (USD millions)
Describe the progress achieved	In 2013, Zurich invested USD 236 million in green bonds

☒ Add responsible investment objective 2

Objective 2	Reduce CO2 emission and energy consumption of the real estate portfolio by 20 percent by 2020 vs. 2010 baseline
Key performance indicators	Tons of CO2 emissions and kwh per sqm
Describe the progress achieved	A reduction of 6 percent versus the baseline was achieved on both indicators for the latest reporting period (2012)

☒ Add responsible investment objective 3

Objective 3	Test ESG integration approach with selected in-house securities asset management teams
Key performance indicators	No KPI was defined for this
Describe the progress achieved	Started ESG integration pilot with four in-house teams

<b>OA 06.2</b>	List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.
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☒ Add responsible investment objective 1 for the next reporting year

Objective 1 for the next reporting year	Continue execution of green bonds investment strategy and broaden impact investing approach to other asset classes
Key performance indicators	Total amount of impact investments (USD millions)

☒ Add responsible investment objective 2 for the next reporting year

Objective 2 for the next reporting year	Reduce CO2 emissions and energy consumption of the real estate portfolio by 20 percent by 2020 vs. 2010 baseline
Key performance indicators	Tons of CO2 emissions and kwh per sqm

☒ Add responsible investment objective 3 for the next reporting year

Objective 3 for the next reporting year	ESG integration complete for 100 percent of in-scope securities portfolios managed in-house (see OA 03.2 for details on scope)
Key performance indicators	Percentage of portfolios complying with three out of four core requirements

**OA 06.3**

Additional information.

Currently, reduction targets for CO2 emissions and energy consumption only apply to real estate investments in Switzerland (61 percent of global direct real estate investment value). Most buildings in the real estate investment portfolio are not used by Zurich. The environmental footprint of Zurich's own-use real estate is reported separately in the environmental performance section of Zurich's annual report.

## Governance and human resources

**OA 07**

Voluntary

Descriptive

General



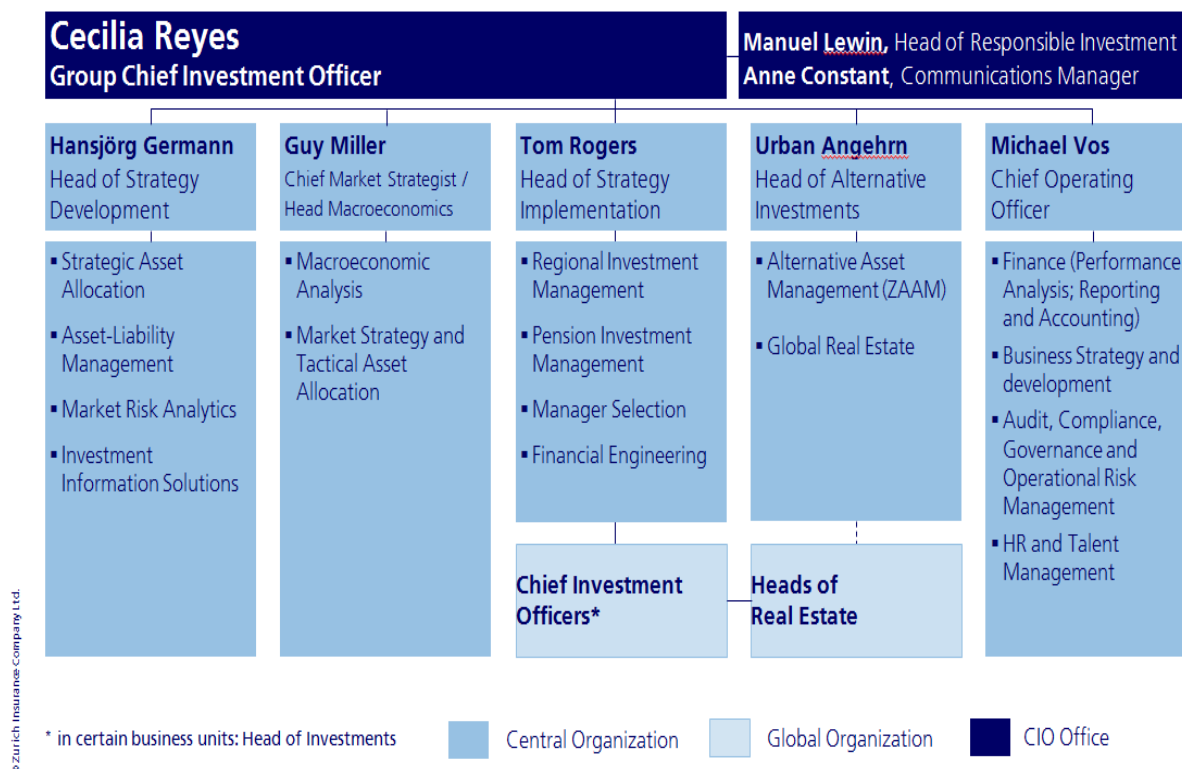
**Group-level**

- Responsible investment is one focus area of Zurich's corporate responsibility (CR) strategy. The Group Executive Committee (GEC) is accountable for the CR strategy and its execution. The CR strategy forms an integral part of the Group strategy, over which the Zurich Board has formal oversight and which is reviewed by the Board annually. In addition, the Governance and Nomination Committee of the Board reviews CR reporting and progress made. A cross-functional Group-level body - the corporate responsibility Working Group - is responsible to determine the Group's CR strategy, priorities and objectives for approval by the GEC and monitors progress of the implementation of Zurich's overall corporate responsibility strategy. The Working Group is chaired by a member of the GEC and reviews progress against defined objectives on a quarterly basis. The head of responsible investment represents Investment Management in the Working Group.
- The Group Chief Investment Officer (CIO), a member of the Group Executive Committee, is responsible for the execution of the responsible investment strategy. Responsible investment provides a set of individual objectives for the CIO.

**Investment Management**

- The head of responsible investment, reporting directly to the CIO, is responsible for overseeing the execution of the responsible investment strategy and supporting the Investment Management organization in implementing responsible investment practices.
- As part of a standard annual individual objective-setting process, responsible investment objectives are assigned to individuals across Investment Management, including all department heads reporting directly to the CIO.

☒ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the Save button below

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles present in your organisation
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- ☒ Board members or trustees
- ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
- ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
- All CIO direct reports

- ☐ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ External managers or service providers
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other role, specify
- ☐ Other role, specify

<b>OA 08.2</b>	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
----------------	---

	Number
--	--------

2

<b>OA 08.3</b>	Additional information. [Optional]
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- Zurich Board of Directors: formally oversees execution of the Group's strategy. Corporate responsibility forms an integral part of that strategy, and progress on corporate responsibility focus areas, including responsible investment, is regularly reported to the Board of Directors.
- Chief Investment Officer: responsible investment reflected in individual objectives
- Direct reports to the CIO: responsible investment reflected in individual objectives
- Portfolio managers: responsible Investment reflected in individual objectives (in 2013 only for pilot teams)
- Investment analysts: responsible investment reflected in individual objectives (only for pilot teams)

OA 09	Voluntary	Additional Assessed	General
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OA 09.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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#### Board members/Board of trustees

- ☐ Responsible investment included in personal development and/or training plan
- ☒ None of the above

#### Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Other C-level staff or head of department

##### All CIO direct reports

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Portfolio managers

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Investment analysts

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☐ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

#### Dedicated responsible investment staff

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ Responsible investment included in personal development and/or training plan
- ☐ None of the above

**OA 09.3**

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

All objectives related to responsible investment are assessed and affect variable pay through overall performance ratings.

## Promoting responsible investment

**OA 10****Mandatory****Core Assessed****PRI 4,5****OA 10.1**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

**OA 10.2**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Zurich reports annually through the CDP Climate Change questionnaire and participates in some of CDP's conference/webinar offerings.

- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Zurich is a member of the Environmentally & Socially Themed Investments Asset Owner Group

- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)
--

- ☒ Basic  
☐ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

Zurich integrates the Global Compact principles in business practices. There is occasional cooperation with the Global Compact. For example, CEO Martin Senn and the Head of Corporate Responsibility contributed to a CEO study. (<http://www.unglobalcompact.org/resources/451>)

☒ Other collaborative organisation/initiative, specify

Investment Leaders Group

Your organisation's role in the initiative during the reporting year (see definitions)
--

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]
--

Zurich is a founding member of the Investment Leaders Group (ILG), a group of 12 institutional investors participating in a three-year project led by the University of Cambridge Program for Sustainability Leadership to research and encourage responsible investing.

☒ Other collaborative organisation/initiative, specify

Green Growth Action Alliance

Your organisation's role in the initiative during the reporting year (see definitions)
--

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Zurich is a founding member of the Green Growth Action Alliance, a collaborative initiative addressing the estimated USD 1 trillion annual shortfall in green infrastructure investment. Zurich co-led the Alliance's Institutional Investor Working Group until summer 2013, and remains an active member of the Alliance.

☒ Other collaborative organisation/initiative, specify

ClimateWise

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Zurich is an active member of the ClimateWise Low Carbon Investment Collaboration Group. The group has released a report in 2013, 'Considering Climate Risks and Opportunities for Investment'.

☒ Other collaborative organisation/initiative, specify

WEF Mainstreaming Impact Investing Initiative

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Zurich is an active contributor to the World Economic Forum's 'Mainstreaming Impact Investing' initiative. The initiative published two reports in 2013, featuring Zurich as a case study.

☐ No



<b>OA 10.3</b>	Additional information. [Optional]
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Zurich believes that responsible investment will only truly have an impact if applied by mainstream investors. Only by acting collectively to promote responsible investment practices can this be achieved. That's why collaboration and thought leadership forms an integral part of our responsible investment approach.

<b>OA 11</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
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<b>OA 11.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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☒ Yes

<b>OA 11.2</b>	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- ☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☐ Wrote and published in-house research papers on responsible investment
- ☐ Encouraged the adoption of the PRI
- ☒ Other, specify

Zurich leads a project with a large NGO to determine what role return-seeking capital can play in helping NGOs to scale impact.

☐ No

<b>OA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 4,5,6</b>
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<b>OA 12.1</b>	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
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☐ Yes

☒ No

## ESG issues in asset allocation

<b>OA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 13.1</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
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- ☐ Yes  
☒ No

<b>OA 13.3</b>	Additional information.
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Investment Management has defined a clear and systematic approach to investing, supported by both industry and academic studies. 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 procyclical, 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 stress.

The starting point in determining the investment strategy in insurance investment management is ALM. This first step establishes a portfolio of investments that closely replicates the insurance liabilities and consists primarily of duration-matched government bonds. Such a minimum-risk portfolio will ensure that the market values of assets and liabilities move in line with fluctuations in interest rates.

The optimal mix of asset classes is determined, offering the highest long-term expected investment return given Zurich's liabilities, regulatory framework and allocated capital. To make this allocation, Investment Management distills all investable asset classes into a set of six easily-understandable and transparent risk factors. These risk factors comprise interest rate risk, credit risk, liquidity risk, equity and commodity risk, as well as inflation risk. Investment Management then works to determine the best combination of risk factors to maximize the risk-adjusted return for a given amount of capital.

So far, Zurich has found no evidence that climate change, or other ESG issues, are associated with a systematic market risk factor that could be reflected in the strategic asset allocation process. Consequently, Zurich believes that ESG issues are best reflected at the level of individual security or asset selection.

<b>OA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- ☒ Yes

<b>OA 14.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	% of total AUM
--	----------------

0.11

<b>OA 14.3</b>	Please specify which thematic area(s) you invest in and provide a brief description.
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Area
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- ☐ Clean technology
- ☐ Green buildings
- ☐ Sustainable forestry
- ☐ Sustainable agriculture
- ☐ Microfinance
- ☐ SME financing
- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☒ Other area, specify

Green Bonds

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Private equity
- ☐ Property

Brief description of investment
---------------------------------

In 2013, Zurich announced a mandate to invest up to USD 1bn in green bonds. By the end of 2013 USD 236mn had been invested in green bonds.

Asset class: predominantly fixed income supranational

☐ No

## Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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☒ Yes

**OA 19.2**

Indicate who has reviewed, validated and/or assured your reported information.

- ☒ Reviewed by Board, CEO, CIO or Investment Committee
- ☒ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name

**OA 19.3**

Describe the steps you have taken to review, validate and/or assure the content of your reported information.

The information was reviewed by a team member not originally responsible for answering the question, who independently validated the content.

In addition, all data reported in this questionnaire was validated by Investment Management's Finance team.

The complete report was reviewed by Group Legal and Compliance.

☐ No

# Zurich Insurance Group

## Reported Information

### Public version

#### Indirect – Manager Selection, Appointment and Monitoring

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

SAM 01	Voluntary	Descriptive	PRI 1-6
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At Zurich, 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. Selection criteria include the performance track record, investment philosophy and process, responsible investment practices, research and trade execution capabilities, risk management, organization and operations processes and costs. A dedicated manager selection team is responsible for this process. The asset manager selection skill and capabilities provide a distinct competitive edge relative to Zurich's major insurance peers, who tend to manage their investments in-house rather than outsourcing them to the best external investment managers.

Zurich strives to fully reflect the four basic requirements for successful ESG integration (see OA 01.3 for a description of how Zurich looks at ESG integration) in its asset manager life cycle process for all in-scope assets (see OA 03.2 for a description of assets in scope for ESG integration).

### Manager selection

A set of responsible investment questions is integrated into the request for information (RFI) and request for proposal (RFP) questionnaires, is included in evaluation with an explicit weighting:

- Please describe your overall philosophy regarding, and approach to, responsible investment, including how you think environmental, social, and governance (ESG) factors impact risk-adjusted performance. Address how long-term views are generally incorporated into the investment process.
- Are you a signatory of the Principles for Responsible Investment (PRI)? If not, please explain your decision.
- Please describe how you integrate environmental, social and governance (ESG) factors into your investment process, particularly with respect to security/asset selection and risk management. Using a specific example of an ESG-related risk or opportunity, describe how the process in place has influenced the decision-making. Your answer should also address: 1) Who is primarily responsible for the analysis of ESG factors? 2) What resources (research, analytical tools, etc.) are available to portfolio managers and analysts to assess ESG factors? 3) If you have a dedicated ESG team, a description of how portfolio managers and equity/credit analysts integrate the input of the ESG team in their work; elaborate on the communication flow (meetings, research reports, etc.).
- If available, please provide a copy of your position statement. If a signatory of the Principles for Responsible Investment, please provide a brief description of how principles two to six are addressed by your organization.
- As part of your risk management or related processes, do you systematically assess the impact of ESG factors on the financial performance and do you capture exposure to any specific ESG-related risk factors as part of your portfolio-level risk analytics? If yes, do you prepare regular reports on ESG risk factor exposures?
- Please describe your proxy voting process and provide your proxy voting policy as attachment. If you do not actively vote all proxies and/or do not incorporate environmental and social issues in your policy, please explain why.
- Do you discuss specific ESG issues as part of systematic direct engagement with investee company management? If yes, please describe the process and provide three examples. If no, please explain why not.
- Please describe any relevant ESG-related training that portfolio managers and equity/credit analysts receive. If you have a dedicated ESG team, please outline the organization of the team and detail the experience and education of the team members. Use the attached

Excel sheet.

- If applicable, please indicate your willingness to share the following materials with clients: selected sections from the PRI questionnaire as prepared for annual PRI reporting, as well as the PRI's analysis of relative performance; portfolio-level report(s) on ESG factor exposure.

The manager selection and responsible investment teams work together to determine the appropriate weight on a case-by-case basis and in evaluating the responses.

### Manager appointment

In 2013, Zurich has started a pilot to integrate responsible investment language into the Investment Management Agreement (IMA) for one specific mandate. This process was not completed by the end of the reporting year. Based on the outcome of this pilot, Zurich will determine the best way to adjust IMAs for all mandates which include portfolios in-scope for ESG integration.

### Manager review

In 2013, an approach to formally integrate Responsible Investment practices into the monitoring process has been defined, including:

- Use of a detailed questionnaire to capture responsible investment practices applied specifically to Zurich portfolios
- Discussion of ESG risks and opportunities at a portfolio level as part of formal performance review meetings
- Discussion of responsible investment practices at formal senior-level relationship meetings
- Integration of responsible investment practices into Zurich's proprietary asset manager evaluation system.

This approach will be tested over the course of 2014.

Note that the selection of private equity fund managers follow a separate process described in SAM 10.2.

SAM 02	Mandatory	Core Assessed	PRI 4
<b>SAM 02.1</b>	Indicate if your organisation uses investment consultants and/or fiduciary managers in the selection, appointment and/or monitoring of external managers.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		

SAM 03	Mandatory	Gateway	General
<b>SAM 03.1</b>	Indicate for which of the following externally managed asset classes your organisation, and/or your investment consultants, consider responsible investment factors in investment manager: (a) Selection, (b) Appointment (investment management agreements/contracts), and (c) Monitoring		

Select all that apply



Asset classes	(a) Selection	(b) Appointment	(c) Monitoring
Listed equity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fixed income - corporate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>SAM 03.2</b>	Additional information. [Optional]
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Approaches to reflect responsible investment practices in manager appointment and monitoring have been defined, but not yet applied in practice as of the end of the reporting period. (See SAM 01.1 for details. Note that the selection of private equity fund managers follow a separate process described in SAM 10.2.)

## Listed equity (LE), fixed income corporate (FIC) and fixed income government (FIG)

### Overview

SAM 04	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	General
<b>SAM 04.1</b>	Provide a breakdown of your externally managed listed equities, corporate fixed income and government fixed income by passive, active quant, active fundamental and other active strategies.			
	Listed equity (LE)			

Type of strategy	As % of externally managed listed equity
Passive	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%

#### Fixed income - corporate (FIC)

Type of strategy	As % of externally managed corporatefixed income
Passive	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

#### Fixed income - government (FIG)

Type of strategy	As % of externally managed government fixed income
Passive	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Active - quantitative (quant)	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Active - fundamental and other active	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%

<b>SAM 05</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 1,2</b>
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<b>SAM 05.1</b>	Indicate which of the following ESG incorporation strategies you encourage or require your external manager(s) to implement on your behalf:
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	Active investment strategies
--	------------------------------

Active investment strategies	LE	FIC	
Screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	
Integration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

	Passive investment strategies
--	-------------------------------

Passive investment strategies	LE	FIC	
Screening	<input type="checkbox"/>	<input type="checkbox"/>	
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	
Integration	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

**SAM  
05.2**

Indicate if - on your externally managed assets - you engage directly, via service providers, or via your external manager.

	LE	FIC
We engage directly or via service providers on our externally managed assets	<input type="checkbox"/>	<input type="checkbox"/>
We require our external managers to engage on our behalf	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**SAM  
05.3**

Indicate if - on your externally managed listed equities - you cast your (proxy) votes directly, via service providers, or via your external manager.

	LE
We cast our (proxy) votes directly or via service providers on our externally managed assets	<input type="checkbox"/>
We require our external managers to cast our (proxy) votes on our behalf	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>

<b>SAM 05.4</b>	Additional information. [Optional]
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As signatory to the UN Global Compact, Zurich has a policy to neither insure nor invest in producers of UN-sanctioned banned weapons (cluster bombs and anti-personnel land mines). A watch list comprised of those companies is frequently circulated to internal and external asset managers, and compliance with guidelines and restrictions monitored on a regular basis.

Beyond this list, Zurich does not expect its external asset managers to apply negative ESG screens, but to fully integrate ESG factors into the investment decision-making process. The approach is currently being rolled out to all external asset managers managing assets Zurich considers to be in-scope for ESG integration (see section OA 03 for details).

Proxy voting for listed equities is delegated to external managers as specified in the Investment Management Agreements (IMA), but active execution is not yet a formal requirement: 75 percent of Zurich's external equity managers have active proxy voting policies in place. However, not all votes are executed due to geographic restrictions in policies, technical restrictions related to portfolio structures, etc. Zurich estimates that proxy votes have been actively executed on roughly 80 percent of externally-managed equities in-scope for ESG integration (see OA 3.2 for further details). Zurich will continue to work with external asset managers to formalize proxy voting and reporting requirements.

Selection			
<b>SAM 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1-6</b>
<b>SAM 06.1</b>	Indicate whether your organisation, and/or your investment consultant, in the manager selection process for listed assets, typically do any of the following:		
	General		

	LE	FIC	
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss managers' governance and management of responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Meet staff with responsible investment responsibilities to assess their skills and competence	<input type="checkbox"/>	<input type="checkbox"/>	
Discuss minimum responsible investment expectations that managers must meet	<input type="checkbox"/>	<input type="checkbox"/>	
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the manager's responsible investment reporting to clients and/or the public, including PRI reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss the type of ESG reporting you expect	<input type="checkbox"/>	<input type="checkbox"/>	
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

ESG incorporation

	LE	FIC	
Evaluate the quality and coverage of ESG research used by managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	n/a	
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Discuss with managers how ESG issues have impacted specific investment decisions and, where relevant, stock or portfolio performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other ESG incorporation issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	

If you select any 'Other' option(s), specify

For equity mandates, the manager selection process also covers the review and assessment of the manager's proxy voting policy.

**SAM  
06.2**

Provide additional information relevant to your organisation's selection approach for listed assets. [Optional]

Refer to section SAM 01.1 for a complete overview of questions included in the RFP process.

## Private equity (PE), property (PR) and infrastructure (INF) - non-listed assets

### Selection

**SAM 10**

**Mandatory**

**Core Assessed**

**PRI 1-6**

**SAM  
10.1**

Indicate whether your organisation, and/or your investment consultant, in the dialogue and monitoring of your external manager typically do any of the following:

## General

	PE		
Review the manager's/general partner's responsible investment policy	<input checked="" type="checkbox"/>		
Discuss the manager's governance and management of responsible investment	<input checked="" type="checkbox"/>		
Meet staff with responsible investment responsibilities to assess their skills and competence	<input checked="" type="checkbox"/>		
Discuss minimum responsible investment expectations that managers must meet	<input type="checkbox"/>		
Discuss the role managers have played in collaborative initiatives	<input type="checkbox"/>		
Ask whether the organisation is a signatory to the PRI and/or other relevant organisations	<input checked="" type="checkbox"/>		
Assess the external manager's reporting and how it will help you to monitor that it is acting consistent with the agreed-upon ESG-related policies and practices during the life of the fund	<input checked="" type="checkbox"/>		
Review the manager's responsible investment disclosure, including PRI reporting	<input checked="" type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation	<input type="checkbox"/>		
Other general aspects in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

## Investment selection (pre-investment) of underlying holding

	PE		
Assess the manager's policies, processes and systems for identifying ESG-related value drivers and managing material ESG-related risks pre-investment	<input checked="" type="checkbox"/>		
Other pre-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

## Investment monitoring (post-investment) of underlying holding



	PE		
Understand if and how the manager influences and supports its portfolio companies'/assets' management of ESG-related risks and pursuit of ESG-related opportunities	<input checked="" type="checkbox"/>		
Discuss examples of how managers have previously identified and addressed ESG issues in their portfolios on an ongoing basis	<input checked="" type="checkbox"/>		
Assess the manager's/general partner's approach to managing and disclosing material incidents at the manager / General Partner and underlying holdings	<input checked="" type="checkbox"/>		
Other post-investment aspects reviewed in your selection process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Private equity (PE) fund manager selection is performed by a dedicated PE team. Zurich strives to fully reflect the four core requirements for successful ESG integration (see OA 01.3 for a description of how Zurich looks at ESG integration) in its private equity investment process. In 2013, responsible investment practices were formally defined in the investment process manual at the following process stages:

- Investment due diligence
- Investment vetting and approval
- Execution and funding
- Risk management and reporting

#### **Manager selection**

A set of pre-defined questions are used to guide the assessment of responsible investment practices at the fund manager as part of the due diligence:

- How does the General Partner (GP) address ESG issues when analyzing investment opportunities?
- How are ESG issues included in the investment decision process?
- Is there a dedicated team focused on ESG issues?
- Does the GP provide ongoing ESG training for the relevant staff?
- Is environmental and social impact measured?
- Monitoring: How are ESG issues monitored at the portfolio company level? Is there a framework in place?
- Has the GP developed an internal ESG policy?
- Is data on ESG issues systematically collected by the GP?
- Provide specific examples on how ESG issues were addressed.
- Reporting to Limited Partners (LP): Is there a formal ESG reporting process in place? How often are LPs updated? What data is disclosed?
- Is the GP a signatory of the Principles of Responsible Investing (PRI)?

The PE and responsible investment teams work together to evaluate responsible investment practices and summarize findings for discussion by the investment committee.

#### **Manager appointment**

For the coming reporting period, Zurich is considering and will test the integration of responsible investment language into side letters.

#### **Manager review**

As part of periodic update meetings with fund managers, the PE team will review any material developments regarding ESG issues.

## **Outputs and outcomes**

**SAM 14**

**Mandatory to Report Voluntary to Disclose**

**Descriptive**

**PRI 1-6**

<b>SAM 14.1</b>	Indicate approximately what percentage (+/- 10%) of your externally managed assets are managed by PRI signatories.
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	%
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93

<b>SAM 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>SAM 15.1</b>	Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.
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☒ Add Example 1

Topic or issue	Manager search for real estate loans
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – corporate bonds <input type="checkbox"/> Private equity
Scope and process	In 2013, we piloted ESG integration in manager selection for an external manager search project in the real estate loan (private debt asset class) space. Selected ESG questions were included in both the RFI and RFP and assessed jointly by the manager selection and responsible investment teams.
Outcomes	The final selection decision will be made in 2014.

☐ Add Example 2

☐ Add Example 3

☐ Add Example 4

☐ Add Example 5

## Communication

<b>SAM 16</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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<b>SAM 16.1</b>	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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- ☐ Yes, we disclose information publicly  
☐ Yes, we disclose information to clients/beneficiaries only  
☒ We do not proactively disclose information to the public and/or clients/beneficiaries

# Zurich Insurance Group

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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LEI 01.1	Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.
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### Strategies

☒ Passive

	% of internally managed listed equities
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☐ <10%

☒ 10-50%

☐ >50%

☐ Active – quantitative (quant)

☒ Active – fundamental and other active strategies

	% of internally managed listed equities
--	---

☐ <10%

☐ 10-50%

☒ >50%

LEI 02	Voluntary	Descriptive	PRI 1
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**LEI 02.1**

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

Zurich believes that ESG factors can materially affect risk and opportunity associated with underlying equity investments. Fully reflecting ESG factors, alongside traditional financial metrics and state-of-the-art risk management practices, in security selection decisions are thus expected to support the Investment Management team in its mission to achieve superior risk-adjusted long-term financial returns. Zurich believes that successful ESG integration is based on:

- adequate training to help investment decision makers understand the relevance of ESG factors
- access to data, research and analysis about ESG issues to inform investment decision making
- formal integration of ESG factors into the security and asset selection process
- active ownership practices

In addition, Zurich's General Insurance and Global Life business segments have processes in place to systematically identify, assess and mitigate potential ESG issues and the related reputational risks inherent in certain business transactions involving large projects and corporate customers. Zurich's approach focuses on working with its corporate customers and brokers to better manage corporate responsibility risks and promote best practices in managing ESG risks. Zurich's approach to integrate corporate responsibility risks and the UN Global Compact in underwriting may result in decisions to abstain from certain transactions. In some cases (primarily related to banned cluster munitions and anti-personnel land mines) the approach may result in a decision to stop doing business with a company, including any forms of direct investment. In Zurich's view it is very important to apply any 'exclusion' or 'negative screening' consistently across the Group, including underwriting and investment activities.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03

Mandatory

Gateway/Core Assessed

PRI 1

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

☒ Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div><div></div></div> %
	20

☐ Thematic alone (i.e. not combined with any other strategies)

☐ Integration alone (i.e. not combined with any other strategies)

☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> 80
--	--

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed listed equities
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100%

<b>LEI 03.2</b>	Describe your primary reasons for choosing a particular ESG incorporation strategy.
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Please refer to LEI 02.1 for a detailed description of Zurich's ESG integration approach and the rationale for the chosen approach. Primary reasons are:

- Integration strategies: expected to yield superior risk-adjusted returns over the long-term
- Screening: consistent Group-wide process to manage specific controversial issues

Screening applies to all direct equity investments. Refer to OA 03.2 for a description of the type of equity mandates in scope of ESG integration.

<b>LEI 03.3</b>	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
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Please refer to LEI 02.1 for a detailed description of Zurich's ESG integration approach and the rationale for the chosen approach. Primary reasons are:

- Integration strategies: expected to yield superior risk-adjusted returns over the long-term
- Screening: consistent Group-wide process to manage specific controversial issues

Screening applies to all direct equity investments. Refer to OA 03.2 for a description of the type of equity mandates in-scope of ESG integration.

<b>LEI 04</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 04.1</b>	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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**Type of ESG information**

- ☒ Raw ESG company data

**Indicate who provides this information**

- ☒ ESG research provider  
☐ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager  
☒ Company-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider  
☐ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager  
☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider  
☐ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager  
☒ Country-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider  
☐ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager  
☐ Screened stock list  
☒ Issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider  
☐ Sell-side  
☐ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager  
☒ Other, specify  
Screening list

**Indicate who provides this information**

- ☐ ESG research provider  
☐ Sell-side  
☒ In-house – specialised ESG analyst or team  
☐ In-house – analyst or portfolio manager



<b>LEI 04.2</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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Zurich provides in-house asset management teams access to ESG data and research provided by MSCI. Zurich also encourages portfolio managers and analysts to monitor a variety of ESG information sources and use any available ESG research provided by brokers.

Zurich's corporate responsibility team provides Investment Management with a list of entities for exclusion from direct investment (primarily banned cluster munitions and anti-personnel landmines), based on information provided by a third-party research provider and the outcome of Zurich's approach to manage corporate responsibility risks in business transactions involving corporate customers (see LEI 02.1 and LEI 06.2 for additional details).

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
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☐ Yes

☒ No

## (A) Implementation: Screening

<b>LEI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active listed equities.
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### Type of screening

☒ Negative/exclusionary screening

### Screened by

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

Description
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The screen applied currently comprises producers of UN-sanctioned weapons (banned cluster munitions and anti-personal landmines), as well as any companies Zurich may choose to disengage with, based on the process described in LEI 02.1.

- ☐ Positive/best-in-class screening
- ☐ Norms-based screening

<b>LEI 06.2</b>	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Exclusion screens are prepared by Zurich's corporate responsibility team, based on Zurich's code of conduct (Zurich Basics) and the Group's commitment to the UN Global compact, and are the result of a structured process to manage corporate responsibility risks in business transactions. Currently, the screen consists of UN-sanctioned weapons (banned cluster munitions and anti-personal landmines). A list of producers of banned weapons is provided quarterly by a third-party research provider. Should a company identified be an existing Zurich customer, Zurich will conduct a corporate responsibility assessment and start an engagement process with the customer. During the engagement process, Zurich will not enter into any new business or new direct investments. If, after a period of one year, the engagement has not delivered any positive results, Zurich will stop entering into any new business with the company in question and will also divest from direct investments. The list of companies is circulated quarterly to all internal and external asset managers.

<b>LEI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>LEI 07.1</b>	Indicate which processes your organisation uses to ensure that screening is based on robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

<b>LEI 08</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 08.1</b>	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:

☐ Systematic

☒ Occasional

☐ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.

☐ Audits of fund holdings are undertaken regularly by internal audit function

☐ Other, specify

☐ None of the above

## (C) Implementation: Integration of ESG issues

<b>LEI 10</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 10.1</b>	Describe how you integrate ESG factors into investment decision making processes.
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Zurich believes that ESG factors can materially affect risk and opportunity associated with underlying equity investments. Fully reflecting ESG factors, alongside traditional financial metrics and state-of-the-art risk management practices, in security selection decisions are thus expected to support the Investment Management team in its mission to achieve superior risk-adjusted long-term financial returns. Zurich believes that successful ESG integration is based on:

- adequate training to help investment decision makers understand the relevance of ESG factors
- access to data, research and analysis about ESG issues to inform investment decision making
- formal integration of ESG factors into the security and asset selection process
- active ownership practices

The security selection process varies among different in-house teams depending on local market and portfolio characteristics. A number of in-house teams are currently testing approaches to integrate ESG factors into their security selection processes. Based on these teams' experiences, we will determine minimum standards to formally integrate ESG factors into the security selection process for in-house investment teams.

<b>LEI 11</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>LEI 11.1</b>	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
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ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 11.2** Additional information. [Optional]

Zurich has started piloting the ESG integration approach with four of its largest in-house asset management teams in the second half of 2013. While these teams have begun to integrate ESG factors into their security selection process, we expect a 'systematic' review of ESG issues to only take place after an initial test phase.

<b>LEI 12</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**LEI 12.1** Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

<b>LEI 12.2</b>	Describe how ESG information is held and used by your portfolio managers.
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- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☐ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

<b>LEI 12.3</b>	Additional information.
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Zurich is sourcing third-party ESG data and research, which is available to portfolio managers and other relevant staff within Investment Management directly on the provider's platform. Portfolio managers and analysts are encouraged to complement this information with ESG research provided by brokers. In addition, ESG ratings and other key ESG information have been integrated into Investment Management's global investment data warehouse (GIDW). Access to ESG information via the GIDW will be rolled out in the current year upon further testing.

<b>LEI 13</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 13.1</b>	Indicate into which aspects of investment analysis you integrate ESG information.
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- ☐ (Macro) economic analysis
- ☒ Industry analysis
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Analysis of company strategy and quality of management
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Idea generation
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Portfolio construction
  - ☐ Systematically
  - ☒ Occasionally
- ☒ Fair value/fundamental analysis
  - ☐ Systematically
  - ☒ Occasionally

<b>LEI 13.2</b>	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.
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- ☐ Adjustments to income forecasts (sales, earnings, cash flows)  
☐ Adjustments to valuation tools (discount rates, return forecasts, growth rates)  
☐ Other adjustments to fair value projections, specify  
☐ Other, specify

<b>LEI 13.3</b>	Additional information.
-----------------	-------------------------

Zurich started piloting the ESG integration approach with four of its largest in-house asset management teams in the second half of 2013. While these teams have begun to integrate ESG factors into their security selection process, systematic integration of ESG issues is expected to only take place after an initial test phase.

The Security selection process differs between different in-house teams depending on local market and portfolio characteristics. Not all answers to LEI 13.1 apply to every individual equity portfolio.

## ESG incorporation in passively managed listed equities

<b>LEI 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 14.1</b>	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
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- ☐ Yes  
☒ No

## Outputs and outcomes

<b>LEI 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 15.1</b>	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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- ☐ Screening  
☐ Integration of ESG issues

<b>LEI 15.2</b>	Additional information.
-----------------	-------------------------

Zurich started piloting the ESG integration approach with four of its largest in-house asset management teams in the second half of 2013. While these teams have begun to integrate ESG factors into their security selection process, it is too early to observe outcomes.

## Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

**LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- ☐ We disclose it publicly
- ☐ We disclose it to clients and/or beneficiaries only
- ☒ We do not proactively disclose it to the public and/or clients/beneficiaries

# Zurich Insurance Group

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Overview

FI 01	Mandatory to Report	Voluntary to Disclose	Gateway/Peering	PRI 1
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FI 01.1

Provide a breakdown of your internally managed fixed income investments by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your fixed income investments, indicate if you would still like to report your activities.

Fixed income – corporate

### Strategies

☒ Passive

Percentage of internally managed fixed income - corporate

☒ <10%

**Report on your strategies that represents <10% of corporate fixed income**

☒ Yes

☐ No

☐ 10-50%

☐ >50%

☐ Active – quantitative (quant)

☒ Active - fundamental and other active strategies

Percentage of internally managed fixed income - corporate

☐ <10%

☐ 10-50%

☒ >50%

FI 02	Mandatory to Report	Voluntary to Disclose	Peering	General
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FI 02.1

Provide a breakdown of your internally managed fixed income investments by credit quality.

<b>Credit quality</b>	<b>Fixed Income - Corporate</b>	
<b>Investment grade</b>	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	
<b>High yield</b>	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	
<b>Distressed</b>	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%	

**FI 02.2**

Provide a breakdown of your fixed income investments between primary and secondary market.

<b>Market</b>	<b>Fixed Income - Corporate</b>	
<b>Primary market (new issues)</b>	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%	
<b>Secondary market</b>	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%	

**FI 02.3**

Additional information. [Optional]

Data reported in FI 02.2 is based on number of trades during the calendar year for a sample of in-house teams managing corporate fixed income securities.

## ESG incorporation in actively managed fixed income

**FI 03**

Voluntary

Descriptive

**PRI 1**
**FI 03.1**

Provide a brief overview of how you incorporate ESG issues in fixed income investments.

Zurich believes that ESG factors can materially affect risks associated with underlying corporate bond investments. Fully reflecting ESG factors, alongside traditional financial metrics and state-of-the-art risk management practices, in security selection decisions are thus expected to support the Investment Management team in its mission to achieve superior risk-adjusted long-term financial returns. Zurich believes that successful ESG integration is based on:

- adequate training to help investment decision makers understand the relevance of ESG factors
- access to data, research and analysis about ESG issues to inform investment decision making
- formal integration of ESG factors into the security and asset selection process
- active ownership practices

In addition, Zurich's General Insurance and Global Life business segments have processes in place to systematically identify, assess and mitigate potential ESG issues and the related reputational risks inherent in certain business transactions involving large projects and corporate customers. Zurich's approach focuses on working with its corporate customers and brokers to better manage corporate responsibility risks and promote best practices in managing ESG risks. Zurich's approach to integrate corporate responsibility risks and the UN Global Compact in underwriting may result in decisions to abstain from certain transactions. In some cases (primarily related to banned cluster munitions and anti-personnel land mines) the approach may result in a decision to stop doing business with a company, including any forms of direct investment. In Zurich's view it is very important to apply any 'exclusion' or 'negative screening' consistently across the Group, including underwriting and investment activities.

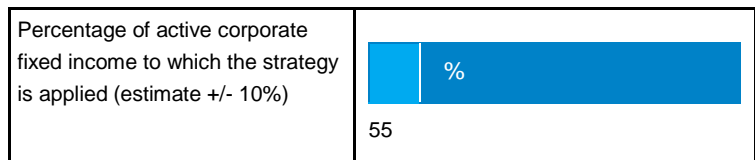
## Fixed Income - Corporate

### Implementation processes

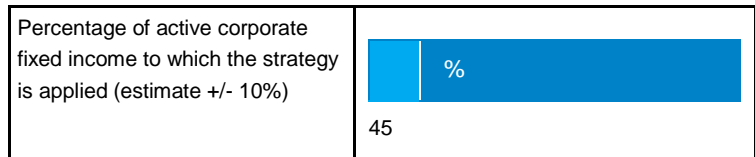
FI 04	Mandatory	Gateway/Core Assessed	PRI 1
FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.		

#### ESG incorporation strategy (select all that apply)

☒ Screening alone (i.e. not combined with any other strategies)



- ☐ Thematic alone (i.e. not combined with any other strategies)  
☐ Integration alone (i.e. not combined with any other strategies)  
☒ Screening + Integration strategies



- ☐ Thematic + integration strategies  
☐ Screening + thematic strategies  
☐ All three strategies combined  
☐ No incorporation strategies applied



100%

<b>FI 04.2</b>	<b>Describe your primary reasons for choosing a particular incorporation strategy.</b>
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Please refer to FI 03.1 for a detailed description of Zurich's ESG integration approach and the rationale for the chosen approach. Primary reasons are:

Integration strategies: expected to yield superior risk-adjusted returns over the long-term

Screening: consistent Group-wide process to manage specific controversial issues

Screening applies to all direct corporate bond investments. Refer to OA 03.2 for a description of the type of mandates in scope of ESG integration.

<b>FI 04.3</b>	If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]
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Please refer to FI 03.1 for a detailed description of Zurich's ESG integration approach and the rationale for the chosen approach. Primary reasons are:

Integration strategies: expected to yield superior risk-adjusted returns over the long-term

Screening: consistent Group-wide process to manage specific controversial issues

Screening applies to all direct corporate bond investments. Refer to OA 03.2 for a description of the type of mandates in-scope of ESG integration.

<b>FI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>FI 05.1</b>	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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**Type of ESG information**

☒ Raw ESG company data

	Describe who provides this information.
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ESG research provider

☒ Issuer-related analysis or ratings

	Describe who provides this information.
--	---

ESG research provider

☒ Sector-related analysis or ratings

	Describe who provides this information.
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ESG research provider

☒ Country-related analysis or ratings

	Describe who provides this information.
--	---

ESG research provider

☒ Screened bond list

	Describe who provides this information.
--	---

Zurich's corporate responsibility team provides Investment Management with a list of entities for exclusion from direct investment (primarily banned cluster munitions and anti-personnel landmines), based on information provided by a third-party research provider and the outcome of Zurich's approach to manage corporate responsibility risks in business transactions involving corporate customers (see FI 03.1 and FI 06.2 for additional details).

☒ Issue-specific analysis or ratings

	Describe who provides this information.
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ESG research provider

☐ Other, specify

<b>FI 05.2</b>	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
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Zurich provides in-house asset management teams access to ESG data and research provided by MSCI. Zurich also encourages portfolio managers and analysts to monitor a variety of ESG information sources and use any available ESG research provided by brokers.

## (A) Implementation: Screening

<b>FI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>FI 06.1</b>	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.
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### Type of screening

☒ Negative/exclusionary screening

### Screened by

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

### Description

The screen applied currently comprises producers of UN-sanctioned weapons (banned cluster munitions and anti-personal landmines), as well as any companies Zurich may choose to disengage with, based on the process described in FI 03.1.

- ☐ Positive/best-in-class screening
- ☐ Norms-based screening

### FI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Exclusion screens are prepared by Zurich's corporate responsibility team, based on Zurich's code of conduct (Zurich Basics) and the Group's commitment to the UN Global compact, and are the result of a structured process to manage corporate responsibility risks in business transactions. Currently, the screen consists of UN-sanctioned weapons (banned cluster munitions and anti-personal landmines). A list of producers of banned weapons is provided quarterly by a third-party research provider. Should a company identified be an existing Zurich customer, Zurich will conduct a corporate responsibility assessment and start an engagement process with the customer. During the engagement process, Zurich will not enter into any new business or new direct investments. If, after a period of one year, the engagement has not delivered any positive results, Zurich will stop entering into any new business with the company in question and will also divest from direct investments. The list of companies is circulated quarterly to all internal and external asset managers.

FI 07

Mandatory

Core Assessed

PRI 1

**FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

**FI 08****Voluntary****Additional Assessed****PRI 1****FI 08.1**

Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.

- ☒ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:
  - ☐ Systematic
  - ☒ Occasional
- ☐ Automated IT systems prevent investment managers from investing in excluded bonds or those that do not meet positive screening criteria
- ☐ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

### (C) Implementation: Integration of ESG factors

**FI 10****Voluntary****Descriptive****PRI 1**



**FI 10.1**

Describe how you integrate ESG issues into investment decision-making processes.

Zurich believes that ESG factors can materially impact risks associated with underlying corporate bond investments. Fully reflecting ESG factors, alongside traditional financial metrics and state-of-the-art risk management practices, in security selection decisions is thus expected to support the Investment Management team in its mission to achieve superior risk-adjusted long-term financial returns. Zurich believes that successful ESG integration is based on:

- adequate training to help investment decision makers understand the relevance of ESG factors
- access to data, research and analysis about ESG issues to inform investment decision making
- formal integration of ESG factors into the security and asset selection process
- active ownership practices

The security selection process varies among different in-house teams depending on local market and portfolio characteristics. A number of in-house teams are currently testing approaches to integrate ESG factors into their security selection processes. Based on these teams' experiences, we will determine minimum standards to formally integrate ESG factors into the security selection process for in-house investment teams.

**FI 11**
**Mandatory**
**Core Assessed**
**PRI 1**
**FI 11.1**

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 11.2	Additional information. [Optional]
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Zurich started piloting the ESG integration approach with four of its largest in-house asset management teams in the second half of 2013. While these teams have begun to integrate ESG factors into their security selection process, we expect a 'systematic' review of ESG issues to only take place after an initial test phase.

FI 12	Voluntary	Descriptive	PRI 1
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FI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☐ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

FI 12.2	Describe how ESG information is held and used by your portfolio managers.
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- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☐ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify

FI 12.3	Additional information.
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Zurich is sourcing third-party ESG data and research, which is available to portfolio managers and other relevant staff within Investment Management, directly on the provider's platform. Portfolio managers and analysts are encouraged to complement this information with ESG research provided by brokers. In addition, ESG ratings and other key ESG information have been integrated into Investment Management's global investment data warehouse (GIDW). Access to ESG information via the GIDW will be rolled out in the current year upon further testing.

## ESG incorporation in passively managed fixed income

FI 14	Mandatory to Report Voluntary to Disclose	Gateway	PRI 1
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**FI 14.1**

Indicate if you manage passive fixed income funds that incorporate ESG issues in the index construction methodology.

**Fixed Income - Corporate**

- ☐ Yes  
☒ No

**Outputs and outcomes****FI 15****Voluntary****Descriptive****PRI 1****Fixed Income - Corporate**

- ☐ Narrow down or prioritise the investment universe  
☐ Buy / sell / weight decisions  
☐ Other, specify

**FI 15.2**

Additional information.

Zurich started piloting the ESG integration approach with four of its largest in-house asset management teams in the second half of 2013. While these teams have begun to integrate ESG factors into their security selection process, it is too early to observe outcomes.

**Communication****FI 18****Mandatory****Core Assessed****PRI 2,6****FI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- ☐ We disclose it publicly  
☐ We disclose it to clients/beneficiaries only  
☒ We do not proactively disclose it to the public and/or clients/beneficiaries

**Engagement in fixed income investments****Fixed Income - Corporate****FI 19****Voluntary****Descriptive****PRI 2****FI 19.1**

Indicate if you engage with corporate issuers.

- ☐ Yes  
☒ No

# Zurich Insurance Group

## Reported Information

### Public version

#### Direct - Property

## PRI disclaimer

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## Overview

PR 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

PR 01.1

Provide a breakdown of your organisation's internally managed property investments by equity and debt.

### Property investments instruments

☒ Equity investments

Property investment instruments	Percentage of your internally managed property investments (in terms of AUM)
Equity investments	<p><input checked="" type="radio"/> &gt;50%</p> <p><input type="radio"/> 10-50%</p> <p><input type="radio"/> &lt;10%</p>

PR 01.2

Indicate the level of ownership you typically hold in your property investments.

- ☒ a majority stake (>50%)
- ☐ a 50% stake
- ☐ a significant minority stake (between 10-50%)
- ☐ a limited minority stake (<10%)
- ☐ a mix of ownership stakes

☐ Debt investments

### Total 100%

☐ N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity or debt in property on their behalf

**PR 01.3**

Additional information. [Optional]

Zurich is a core real estate investor with the objective to achieve long-term, stable cash flows. The global real estate strategy focuses on direct, unlevered, full ownership investments in the most liquid parts of the market. Zurich's real estate investment portfolio consists of over 500 properties around the globe, valued at over USD 8 billion. The majority of these properties are today located in Europe, with large portfolios in Switzerland, Germany, Austria and Spain. The largest portfolio outside Europe is in the U.S., with roughly 10 percent of the direct real estate exposure.

The portfolio and asset management for Zurich's global real estate portfolio is conducted locally, predominantly through in-house asset management teams. Only a very small proportion of real estate assets is managed by external asset managers. In contrast, property management is predominantly outsourced to local experts and clearly separated from asset and portfolio management.

Note that information provided as part of this module always refers to direct real estate exposure held for investment. It does not include some indirect exposure as well as property owned by Zurich for own use, for which other processes apply.

**PR 02**

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

**PR 02.1**

Provide a breakdown of your organisation's property assets based on who manages the assets.

Property assets managed by	Breakdown of your property assets (by number)
Managed directly by your organisation	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed via third-party property managers appointed by you	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Managed by other investors or their property managers	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%
<b>Total</b>	<b>100%</b>

**PR 03**

Voluntary

Descriptive

General

**PR 03.1**

Indicate up to three of your largest property types by AUM.

Types	Main property types (by AUM)
Largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input checked="" type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Second largest property type	<input type="radio"/> Industrial <input type="radio"/> Retail <input type="radio"/> Office <input checked="" type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify
Third largest property type	<input type="radio"/> Industrial <input checked="" type="radio"/> Retail <input type="radio"/> Office <input type="radio"/> Residential <input type="radio"/> Leisure/Hotel <input type="radio"/> Mixed use <input type="radio"/> Other, specify

PR 04	Voluntary	Descriptive	PRI 1-6
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PR 04.1	Provide a brief overview of your organisation's approach to responsible investment in property where you have equity stakes.
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As part of its overall real estate investment approach, Zurich views 'sustainability' as a key element of a 'core' real estate investment strategy. In line with this, Zurich has set a target to reduce energy consumption and CO2 emissions of the real estate portfolio by 20 percent by 2020, and 80 percent by 2050. To achieve these objectives, Zurich introduced processes that reflect its focus on sustainability in real estate transactions, development and property management.

Energy efficiency and the use of renewable energy sources, as well as other relevant ESG factors, are reflected on an asset-by-asset basis as part of transaction management (due diligence), asset management, as well as development and refurbishments. These aspects have also been integrated into the operational optimization plan as well as into project management guidelines.

This approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value. A global approach will be defined and rolled out over the coming years based on the experience of the Swiss team.

PR 05	Mandatory	Core Assessed	PRI 1-6
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<b>PR 05.1</b>	Indicate if your organisation has a Responsible Property Investment (RPI) policy.
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- ☒ Yes  
☐ No

<b>PR 05.3</b>	Additional information. [Optional]
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Zurich reflects responsible investment at various levels of the real estate investment approach:

1. 'Sustainability' is reflected as an element of the overall real estate investment strategy
2. Energy consumption and CO2 emission reduction targets are set at the portfolio level
3. Sustainability targets are reflected in the operational optimization implementation plan
4. Sustainability best practices are reflected in project management guidelines to support decision-making at an asset-by-asset level

At this stage, Zurich is not making these documents available publicly.

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

## Pre-investment (selection)

<b>PR 08</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>PRI 1</b>
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<b>PR 08.1</b>	Indicate if your organisation typically incorporates ESG issues when selecting property investments.
----------------	--

- ☒ Yes

<b>PR 08.2</b>	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection. [Optional]
----------------	--

ESG factors are fully integrated into Zurich's real estate transaction management process. As part of the due diligence, Zurich performs an assessment of any potential investments required to improve a property's energy consumption and CO2 emissions, as well as any other relevant ESG aspects. This assessment is then reflected in the investment decision.

- ☐ No

<b>PR 08.3</b>	Additional information. [Optional]
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Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.



PR 09	Voluntary	Descriptive	PRI 1,4
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PR 09.1	Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the property investment selection process.
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- ☒ Internal staff
- ☒ Specify role
- Real estate investment manager
- ☐ Specify role
- ☐ Specify role
- ☐ External resources
- ☐ No use of internal or external advice on ESG issues

PR 09.2	Additional information.
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Zurich's real estate team generally has the relevant expertise to assess ESG issues in transaction management as described in PR 08.2. External resources are only used occasionally.

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

PR 10	Mandatory	Core Assessed	PRI 1,3
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PR 10.1	Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process and list up to three examples per issue.
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#### ESG issues

- ☒ Environmental

List up to three typical examples of environmental issues
---

Energy efficiency

Building materials

Water use reduction and waste water technologies

- ☒ Social

List up to three typical examples of social issues
--

Accessibility

- ☒ Governance

List up to three typical examples of governance issues
--

Measurement and monitoring of energy consumption

Measurement and monitoring of CO2 emissions

<b>PR 10.2</b>	Additional information. [Optional]
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Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

<b>PR 11</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,3</b>
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<b>PR 11.1</b>	Indicate what type of ESG information your organisation typically considers during your property investment selection process.
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- ☒ Raw data from the target property asset/company
- ☒ Appraisals/audits
- ☐ Benchmarks/ratings against similar property asset
- ☐ Country level data/benchmarks
- ☒ Data aligned with established property reporting standards, industry codes and certifications
- ☐ International initiatives, declarations or standards
- ☐ Data from engagements with stakeholders (e.g. tenants and local community surveys)
- ☐ Information from external advisers
- ☐ Other, specify
- ☐ We do not track this information

<b>PR 11.2</b>	Additional information.
----------------	-------------------------

Information related to ESG issues contained in external appraisals is taken into account, but often insufficient and has to be supplemented with other information and own analysis as part of the process described in PR 08.2.

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

<b>PR 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>PR 12.1</b>	Indicate if ESG issues impacted your property investment selection process during the reporting year.
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- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☐ ESG issues led to the abandonment of potential investments
- ☒ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

PR 12.2

Additional information.

Please refer to PR 08.2 for details.

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

### Selection, appointment and monitoring third-party property managers

PR 13

Mandatory

Core Assessed

PRI 4

PR 13.1

Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.

☒ Yes

PR 13.2

Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

- ☐ Selection process of property managers incorporated ESG issues
- ☐ Contractual requirements when appointing property managers includes ESG issues
- ☒ Monitoring of property managers covers ESG responsibilities and implementation
  - ☒ For all third party property managers
  - ☐ For a majority of property managers
  - ☐ For a minority of property managers

PR 13.3

Provide a brief description of your organisation's selection, appointment and monitoring of third party property managers. [Optional]

Zurich regularly discusses energy efficiency and other ESG factors with property managers. Zurich relies on property managers to collect data related to energy consumption and expects to formalize requirements over the course of the current reporting year.

**PR 13.4**

Describe how your third party property managers contribute to the management of ESG issues for your property investments. [Optional]

Over 90 percent of Zurich's investment properties in Switzerland are managed by Bilfinger. Details regarding Bilfinger's sustainability approach can be found here:

[http://www.bilfinger.com/fileadmin/corporate\\_webseite/Verantwortung/nachhaltigkeit/nachhaltigkeitbericht\\_2012/Bilfinger\\_Sustainability-Abridged-Report\\_en.pdf](http://www.bilfinger.com/fileadmin/corporate_webseite/Verantwortung/nachhaltigkeit/nachhaltigkeitbericht_2012/Bilfinger_Sustainability-Abridged-Report_en.pdf)

☐ No

**PR 13.5**

Additional information. [Optional]

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

## Post-investment (monitoring and active ownership)

### Overview

**PR 14**

Mandatory

Gateway

**PRI 2****PR 14.1**

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

☒ Yes

**PR 14.2**

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- ☒ We consider ESG issues in property monitoring and management
- ☒ We consider ESG issues in property developments and refurbishments
- ☒ We consider ESG issues in property occupier engagements
- ☐ We consider ESG issues in community engagements related to our properties
- ☐ We consider ESG issues in other post-investment activities, specify

PR 14.3

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets. [Optional]

**Property monitoring and management:** Zurich requires its property managers to perform energy accounting for its properties and monitors energy consumption data as well as CO2 emissions through an energy controlling system.

**Property development and refurbishments:** as part of the operational optimization plan measures are implemented to reduce energy consumption and CO2 emissions. The optimal mix of measures is determined on an asset-by-asset basis. See PR 22.1 for examples.

**Occupier engagement:** manuals are distributed to tenants of properties that meet the Minergie label standard.

☐ No

PR 14.4

Additional information. [Optional]

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

## Property monitoring and management

PR 15

Mandatory

Core Assessed

PRI 2,3

PR 15.1

Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- ☐ >90% of property assets
- ☐ 51-90% of property assets
- ☒ 10-50% of property assets
- ☐ <10% of property assets

(in terms of number of property assets)

PR 15.2

Indicate ESG issues for which your organisation, and/or property managers, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

### ESG issues

☒ Environmental

List up to three example targets per issue

Energy consumption (20 percent reduction by 2020; 80 percent reduction by 2050)

CO2 emissions (20 percent reduction by 2020; 80 percent reduction by 2050)

- ☐ Social
- ☐ Governance
- ☐ We do not set and/or monitor against targets

**PR 15.3** Additional information. [Optional]

See PR 04.1 and PR 14.3 for further details.

Note: ESG targets apply to, and are monitored for, 100 percent of the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value. ESG targets apply to 49.5 percent of global direct investment properties by number.

PR 16	Voluntary	Additional Assessed	PRI 2
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**PR 16.1** List the certification schemes, ratings and/or benchmarks your property assets are assessed against and what proportion of your property assets they apply to.

- ☒ Add certification scheme, rating and benchmark 1

Specify	Minergie
Proportion of property assets these apply to	<p><input type="radio"/> &gt;90% of property assets</p> <p><input type="radio"/> 51-90% of property assets</p> <p><input type="radio"/> 10-50% of property assets</p> <p><input checked="" type="radio"/> &lt;10% of property assets</p> <p>(in terms of number of property assets)</p>

- ☒ Add certification scheme, rating and benchmark 2

Specify	Minergie P
Proportion of property assets these apply to	<p><input type="radio"/> &gt;90% of property assets</p> <p><input type="radio"/> 51-90% of property assets</p> <p><input type="radio"/> 10-50% of property assets</p> <p><input checked="" type="radio"/> &lt;10% of property assets</p> <p>(in terms of number of property assets)</p>

- ☐ Add certification scheme, rating and benchmark 3

**PR 16.2****Additional information.**

Zurich does not set any minimum requirements or targets with respect to property certifications. Cost and benefit of certification are taken into account on an asset-by-asset basis, but the responsible investment approach in real estate investment focuses primarily on a property's contribution to the portfolio's overall energy consumption and CO2 emission levels.

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

## Property developments and refurbishments

**PR 17****Mandatory****Core Assessed****PRI 2****PR 17.1**

Indicate the proportion of active property developments and refurbishments where ESG issues have been considered.

- ☒ >90% of active developments and refurbishments
- ☐ 51-90% of active developments and refurbishments
- ☐ 10-50% of active developments and refurbishments
- ☐ <10% of active developments and refurbishments
- ☐ N/A, no developments and refurbishments of property assets are active

(by number of active property developments and refurbishments)

**PR 17.2**

Indicate if the following ESG considerations are typically implemented and monitored in your property developments and refurbishments.

- ☒ Minimum environmental site selection requirements
- ☒ Minimum environmental site development requirements
- ☒ Sustainable construction materials
- ☒ Minimum water efficiency requirements
- ☒ Minimum energy efficiency requirements
- ☒ Energy generation from on-site renewable sources
- ☐ Waste management plans at sites
- ☐ Health and safety management systems at sites
- ☐ Construction contractors comply with sustainability guidelines
- ☐ Other, specify

<b>PR 17.3</b>	Additional information. [Optional]
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For all property developments and refurbishments, Zurich's real estate investment managers will determine the optimal mix of measures to achieve energy consumption and CO2 emission targets, as well as other sustainability considerations in line with the operational optimization plan and sustainability best practices defined in project management guidelines. Measures taken will depend on a property's location, whether buildings remain fully or partially occupied during refurbishments, and other factors.

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

## Occupier engagement

<b>PR 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>PR 18.1</b>	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- ☐ >90% of occupiers
- ☐ 51-90% of occupiers
- ☐ 10-50% of occupiers
- ☒ <10% of occupiers

(in terms of number of occupiers)

<b>PR 18.2</b>	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- ☒ Distribute a sustainability guide to occupiers
- ☐ Organise occupier events focused on increasing sustainability awareness
- ☐ Deliver training on energy and water efficiency
- ☐ Deliver training on waste minimisation
- ☐ Provide feedback on energy and water consumption and/or waste generation
- ☐ Provide feedback on waste generation
- ☐ Carry out occupier satisfaction surveys
- ☐ Other, specify

<b>PR 18.3</b>	Additional information. [Optional]
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Currently, manuals are only distributed to tenants of properties that meet the Minergie-label standard.

<b>PR 19</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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<b>PR 19.1</b>	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.
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☐ >90% of leases or MoUs  
☐ 51-90% of leases or MoUs  
☐ 10-50% of leases or MoUs  
☐ <10% of leases or MoUs  
☐ 0% of leases or MoUs  
☒ N/A, no leases or MoUs were signed during the reporting year

(in terms of number of leases or MoUs)

## Outputs and outcomes

PR 21	Voluntary	Additional Assessed	PRI 1,2
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<b>PR 21.1</b>	Indicate whether your organisation measures how your approach to ESG issues in property investments has affected financial and/or ESG performance.
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	Financial performance
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- ☒ We measure how ESG issues affect financial performance

<b>PR 21.2</b>	Describe the measures your organisation uses to assess the impact of your approach to ESG issues on your property investments' financial performance.
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Zurich aims to reflect savings from energy efficiency when making investment decisions at a property level. However, data are not always sufficient to determine the underlying cost savings accruing to the tenant.

- ☐ We do not measure how ESG issues affect financial performance

	ESG performance
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- ☒ We measure changes in ESG performance

**PR 21.3**

Describe the measures your organisation uses to assess the impact of your activities on your property investments' ESG performance.

Zurich requires its property managers to perform energy accounting for its properties and monitors energy consumption data, as well as CO2 emissions through an energy controlling system. Zurich works with a specialized external provider to evaluate data and determine energy consumption and CO2 emission levels for the overall portfolio.

☐ We do not measure changes in ESG performance

**PR 21.4**

Additional information.

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.

**PR 22**

Voluntary

Descriptive

PRI 1,3

**PR 22.1**

Provide examples of ESG issues that affected your property investments during the reporting year.

☒ Add Example 1

ESG issue	Energy consumption / CO2 emissions
Types of properties affected	Redevelopment multifamily home, Zurich
Impact (or potential impact) on investment	<ul style="list-style-type: none"> <li>• Energy consumption reduced by 70 percent</li> <li>• CO2 emissions reduced by 69 percent</li> </ul>
Activities undertaken to influence the investment and the outcomes	<ul style="list-style-type: none"> <li>• Energy performance improved to Minergie label standard</li> <li>• Energy system changed to heat-pump</li> </ul>

☒ Add Example 2

ESG issue	Energy consumption / CO2 emissions
Types of properties affected	Redevelopment multifamily home, Zurich
Impact (or potential impact) on investment	<ul style="list-style-type: none"> <li>Energy consumption reduced by 60 percent</li> <li>CO2 emissions reduced by 81 percent</li> </ul>
Activities undertaken to influence the investment and the outcomes	<ul style="list-style-type: none"> <li>Energy performance improved to Minergie label standard</li> <li>Energy system changed to heat-pump</li> </ul>

☒ Add Example 3

ESG issue	Energy consumption / CO2 emissions
Types of properties affected	Redevelopment multifamily home, Zurich
Impact (or potential impact) on investment	<ul style="list-style-type: none"> <li>Energy consumption reduced by 64 percent</li> <li>CO2 emissions reduced by 81 percent</li> </ul>
Activities undertaken to influence the investment and the outcomes	<ul style="list-style-type: none"> <li>Energy performance improved to Minergie label standard</li> <li>Energy system changed to heat-pump</li> </ul>

☐ Add Example 4

☐ Add Example 5

## Communication

PR 23

Mandatory

Core Assessed

PRI 6

PR 23.1

Indicate if your organisation proactively discloses ESG information on your property investments.

☒ Disclose publicly

provide URL

<http://www.zurich.com/internet/main/SiteCollectionDocuments/financial-reports/annual-report-2013-en.pdf>

provide URL

<http://www.zurich.com/aboutus/corporateresponsibility/responsibleinvestment/responsible-investment.htm>

**PR 23.2**

Indicate if your organisation uses property specific reporting standards to disclose information related to your property investments' ESG performance.

- ☐ Global Reporting Initiative (GRI) Construction & Real Estate Sector Supplement (CRESS)
- ☒ Other property reporting standards, specify  
SIA 2040
- ☐ No property specific reporting standards are used

**PR 23.3**

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- ☒ Yes

**PR 23.4**

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

- ☐ ESG information on how you select property investments
- ☐ ESG information on how you monitor and manage property investments
- ☒ Information on your property investments' ESG performance
- ☐ Other, specify

**PR 23.5**

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

- ☐ Quarterly or more frequently
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less frequently
- ☐ Ad-hoc, specify

**PR 23.6**

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients/beneficiaries. [Optional]

Zurich reports progress in reducing the greenhouse gas emissions of its real estate portfolio publically as part of its annual report to shareholders, as well as on the zurich.com webpage.

- ☐ No
- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries

The methodology used to calculate and report energy consumption and greenhouse gas emissions follows the energy efficiency program 'SIA 2040' drawn up by the Swiss Society of Engineers and Architects (SIA).

Note: this approach is currently limited to the Swiss real estate portfolio, representing 60 percent of Zurich's real estate investments by value.