

Pillar Four: Sustainability and ESG

1. Commitment to responsible shareholding. Please select the statement(s) that describe your approach to stewardship. You may choose more than one statement where applicable:

- Our disclosure on voting is available to policyholders, from retail to institutional asset owners, without them having to make a request, i.e., the disclosure is on our website or other electronically accessible venues

2. Disclosures on voting: Please select the statements that describe your firm's practices related to voting. Some firms have varying disclosure levels for different policyholders types. Your answers to this question should reflect your disclosure to retail and high net worth policyholders and family offices. You may select more than one statement:

- Our disclosure on voting is available to policyholders, from retail to institutional asset owners without them having to make a request ie the disclosure is on our website or other electronically accessible venue

3. Is your firm a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI) or another responsible investing initiative? Please select only one response.

Yes, we are already a signatory to UNPRI plus one or more responsible investing initiative/s

Please explain and describe the other initiatives that you have pledged.

Zurich is a signatory to the United Nations-backed Principles for Responsible Investment (PRI) and the Operating Principles for Impact Management (OPIM). Our comprehensive responsible investment strategy covers the entirety of our proprietary assets, matching a variety of responsible investment tools with the asset classes where they have most practical influence, and is also applicable to many of our unit-linked offerings.

Other key initiatives:

- Zurich Forest – Replant 1mil seedlings over eight years, to support the growth of a healthy native forest.
- Net Zero Emissions – 50% CO₂-reduction in global operations by 2025 and 70% reduction by 2029.
- RE100 initiative – 100% renewable power in all global operations by end of 2022.
- EV100 initiative – 100% electric vehicles in all global car fleet by end of 2029.

- Impact Investments – USD 5.8bn in impact investment portfolio as of Dec 31, 2020, and prioritizing the impact that the portfolio generates.
- PaperLess Future Campaign – Championing a paperless mindset within the workplace.

Other points to note:

- Lead author of the World Economic Forum Global Risk Report
- Founding member of the Net Zero Asset Owner Alliance
- Member of Coalition for Climate Resilient Investment
- Member of Insurance Development Forum

4. To what extent will ESG materiality factors influence the ultimate investment/divestment, overweight and underweight decisions? Would you please select only one response?

A. Environmental materiality factors

80-100% influence on the ultimate investment decisions

B. Social materiality factors

80-100% influence on the ultimate investment decisions

C. Governance materiality factors

80-100% influence on the ultimate investment decisions

5. What does the firm consider material, and how is an assessment of their impact carried out? Please describe your overall inclusion of E.S.G. factors and how is the in-house E.S.G. materiality framework defined? Please also explain how you would identify material financial and E.S.G. factors affecting a company, industry, sector, and country.

The world is transforming at an unprecedented pace. At Zurich, we believe we can have a positive impact in our role as insurer, investor, employer and in society. We have the knowledge, skills and capabilities and spirit to make a difference.

Zurich recognizes the vital role science-based targets play to meet the Paris Agreement's targets by specifying how much and how quickly companies need to reduce emissions. As part of Zurich's Pledge, it is playing an active role in developing industry methodology for measuring the carbon footprint of liabilities to enable setting such targets. Zurich has also

joined the Stakeholder Advisory Group of the Science Based Target initiative, a project to help financial institutions align their lending and investment portfolios with the Paris Agreement ambition.

We made a commitment that we will use only renewable energy as power by 2022, and as such have formally joined the RE100, a global leadership initiative bringing together influential businesses committed to 100% renewable electricity. In Hong Kong, we achieved RE100 status in January 2021, 12 months ahead of target.

In addition, we are taking aggressive actions to eliminate single-use plastics and reduce internal paper usage by 80%. With extreme weather events already causing devastation around the world, we will also continue to help those communities most impacted by flooding through its award-winning program to enhance flood resilience, which has already benefitted 225,000 people across nine countries.

Zurich began instituting environmental, social and governance (ESG) considerations into its core business practices in 2012 and became carbon neutral in 2014.

Zurich strives to be one of the most responsible and impactful businesses in the world. Through our commitment to sustainability, we aim to create sustainable value for our customers, employees, shareholders and the communities where we live and work.

Zurich's 'materiality assessment process' (how we determine what is most relevant to our business) helps us to evaluate which relevant environmental, social and governance (ESG) issues are most critical for Zurich's long-term success.

Using this evaluation, we then analyze the results in what we call a 'materiality matrix.' Zurich identified 10 key groups of stakeholders to include in our assessment of materiality. Through interviews, meetings and surveys with these stakeholders we could identify which ESG issues affected them the most, and also identify the issues they thought Zurich was best positioned to impact.

In this matrix, 'y' (vertical) axis indicates the perceived importance to our external stakeholders of these issues. The 'x' (horizontal) axis indicates the perceived importance of these issues to Zurich. The issues in the top right corner are important to both our stakeholders and our business, and are Zurich's strategic sustainability focus areas.

Using this evaluation, we have identified three strategic sustainability focus areas: climate change, confidence in a digital society, and work sustainability.

Regarding responsible investment, it is integral to our investment philosophy and approach. For us, it is about managing our assets of approximately USD 200 billion in a way that creates sustainable value - in other words, to do well and do good. When we do 'well', we generate

superior risk-adjusted returns for our customers and shareholders and when we do 'good' we have a positive impact on society and the communities where we live and work.

Zurich Insurance Group is the leading insurer of the Dow Jones Sustainability Index. The Dow Jones Sustainability Index is one of the most highly regarded measures of sustainability performance of industry, evaluating the sustainability of thousands of publicly traded companies. The fact that Zurich is ranked ahead of so many other financial institutions clearly shows that our commitment to sustainability is real and that our efforts to be known as one of the most responsible and impactful businesses in the world are beginning recognized.

As part of our commitment to sustainability, Zurich is a signatory of the United Nations Global Compact, the UNEP FI Principles for Sustainable Insurance and the Principles for Responsible Investment. Also our approach to proactively address environmental, social and governance factors as part of our day-to-day business activity supports several of the United Nations Sustainable Development Goals (SDGs).

The Group exceeded the USD 5 billion target (USD 6bn in recent Investor Report <file://ap.zurich.com/dfs/hk/rdc/MyDocs/ELIOTT.HOWES/Downloads/zurich-investors-intro-pack-2021.pdf>) for its impact investment portfolio set three years ago.

The portfolio includes green bonds, as well as social and sustainability bonds, and commitments to seven private equity funds active in areas such as financial inclusion and clean technology, as well as private debt impact infrastructure investments such as wind or solar farms. In 2018, we developed an impact measurement framework to track the success of our impact portfolio.

Zurich will continue building a portfolio to deliver on its targets, going beyond the USD 5 billion investments originally targeted. Having said that, Investment Management has now decided to take the next step in impact investing, which includes not setting a higher asset volume target. Instead, we are leading the industry by shifting the focus, away from monetary targets to actual impact achieved. We will also invest what is needed to meet our targets of avoiding 5 million metric tons of CO2 equivalent emissions annually and improving the lives of 5 million people a year.

Zurich's impact investment portfolio includes green bonds, social and sustainability bonds, private equity funds active in areas such as financial inclusion and clean technology, as well as impact infrastructure loans for projects such as wind or solar farms. Zurich will continue building a portfolio to deliver on its targets, going beyond the USD 5 billion investments originally targeted.

6. Do you align your investment policies against the UNSDG, and what impact(s) do you target to achieve? Please select all that apply.

- Goal 3: Good Health and Well-Being

- Goal 8: Decent Work and Economic Growth
- Goal 11: Sustainable Cities and Communities
- Goal 13: Climate Action

7. Does the firm have a statement or policy to promote equal opportunity and diversity?

Yes

8. Does the firm offer diversity training?

Yes

9. Does the firm have specific targets to improve equal opportunity and diversity?

Yes

10. Does the company disclose quantitative information on gender or ethnic minority employment?

Yes

11. Percentage of minorities on the Board

12. Does the firm have any programs or initiatives in support of LGBTQIA+ rights?

Yes

13. Percentage of ethnic minority individuals employed by the company in management-level positions

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[W0801] Zurich - Investment-Linked Assurance Schemes (ILAS)

- [7 W0801 PILLAR FOUR Q13 Zurich Sustainability at Zurich Hong Kong April2021.pdf](#)
- [6 W0801 PILLAR FOUR Q13 Zurich GROUP Sustainability Report 2020.pdf](#)