



LEA 02	Disclosures	Monetary	Principles
<p>By providing detailed information on the engagement activities undertaken for each of the 100 largest portfolio companies, investors can demonstrate their commitment to the principles of responsible investment and their contribution to the development of a more sustainable world.</p> <p>Investors should disclose the engagement activities undertaken for each of the 100 largest portfolio companies, including the nature of the engagement, the issues addressed, and the outcomes achieved.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles</p> <p>PRI 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate practice for better ESG outcomes</p> <p>To engage internal ESG expertise</p> <p>Other: specify</p> <p>We do not engage: do internal staff</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate practice for better ESG outcomes</p> <p>Other: specify</p> <p>We do not engage: do collaborative engagements</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate practice for better ESG outcomes</p> <p>Other: specify</p> <p>We do not engage: do service provider engagements</p> <p>To support investment decision-making in & company's interests</p> <p>To influence corporate practice for better ESG outcomes</p> <p>Other: specify</p> <p>We do not engage: do service provider engagements</p>		

RI TRANSPARENCY REPORT

2016

Zurich Insurance Group

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 2016 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.

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.

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	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Public							✓
OO 08	Segregated mandates or pooled funds	✓	Public							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Additional information about organisation	✓	Public							✓
OO 11	RI activities for listed equities	✓	Public							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	Public							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	✓	Public							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	✓	Public							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	✓	Public	✓						
SG 12	Long term investment risks and opportunity	✓	Public	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 14	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 15	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	✓	Public							✓
SG 18	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	Role of investment consultants/fiduciary managers	✓	Public				✓			
SAM 02	RI factors in selection, appointment and monitoring across asset classes	✓	Public							✓
SAM 03	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public							✓
SAM 04	ESG incorporation strategies	✓	Public	✓	✓					
SAM 05	Selection processes (LE and FI)	✓	Public	✓						✓
SAM 06	Appointment considerations (LE and FI)	✓	Public				✓			
SAM 07	Monitoring processes (LE and FI)	✓	Public	✓						
SAM 08	Percentage of (proxy) votes cast	🔒	n/a		✓					
SAM 09	Selection processes (PE, PR and INF)	✓	Public	✓						✓
SAM 10	Appointment considerations (PE, PR and INF)	✓	Public				✓			
SAM 11	Monitoring processes (PE, PR and INF)	✓	Public	✓						✓
SAM 12	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						✓
SAM 13	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public		✓					
SAM 14	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	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
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	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 11	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 12	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 13	ESG issues in index construction	✓	Public	✓						
LEI 14	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 15	Measurement of financial and ESG outcomes of ESG incorporation	✓	Public	✓						
LEI 16	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 17	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,active strategies	✓	Public							✓
FI 02	Option to report on <10% assets	●	n/a							✓
FI 03	Breakdown by market and credit quality	✓	Public							✓
FI 04	Incorporation strategies applied	✓	Public	✓						
FI 05	ESG issues and issuer research	✓	Public	✓						
FI 06	Processes to ensure analysis is robust	✓	Public	✓						
FI 07	Types of screening applied	✓	Public	✓						
FI 08	Negative screening - overview and rationale	✓	Public	✓						
FI 09	Examples of ESG factors in screening process	✓	Public	✓						
FI 10	Screening - ensuring criteria are met	✓	Public	✓						
FI 11	Thematic investing - overview	✓	Public	✓						
FI 12	Thematic investing - themed bond processes	✓	Public	✓						
FI 13	Thematic investing - assessing impact	✓	Public	✓						
FI 14	Integration overview	✓	Public	✓						
FI 15	Integration - ESG information in investment processes	✓	Public	✓						
FI 16	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 17	ESG incorporation in passive funds	✓	Public	✓						
FI 18	Engagement overview and coverage	✓	Public		✓					
FI 19	Engagement method	✓	Public	✓	✓					
FI 20	Engagement policy disclosure	✓	Public	✓	✓					
FI 21	Financial/ESG performance	✓	Public							✓
FI 22	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI 23	Communications	✓	Public		✓				✓	

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments	✓	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

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.

Basic Information

OO 01

Mandatory

Gateway/Peering

General

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
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- 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 about 55,000 employees, we provide a wide range of general insurance and life insurance products and services. We serve individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries.

OO 02

Mandatory

Peering

General

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

350

OO 02.4	Additional information. [Optional]
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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
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
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- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
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31/12/2015

OO 04.2	Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.
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	trillions	billions	millions	thousands	hundreds
Total AUM		191	238	264	372
Currency	USD				
Assets in USD		191	238	264	372

OO 06	Mandatory	Descriptive	General
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OO 06.1	To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.
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- Publish our asset class mix as percentage breakdown
- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	<10%	<10%
Fixed income	10-50%	>50%
Private equity	0	<10%
Property	<10%	0

Infrastructure	0	0
Commodities	0	0
Hedge funds	0	<10%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	<10%	0
Other (2), specify	<10%	<10%

'Other (1)' specified

Mortgages

'Other (2)' specified

Loans

OO 06.2 Publish our asset class mix as per attached image [Optional].

OO 06.3 Additional information. [Optional]

- Private equity and hedge funds: 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 made either through co-investments (in-scope for environmental, social and governance or 'ESG' integration - see OO 12.04 for further details) or as part of 'legacy' portfolios (out-of-scope for ESG integration). The same strategy applies for hedge funds.
- Real estate: in a small number of instances, real estate portfolios are managed by external asset managers. In such cases, the same processes apply as described in SAM 06.1.

OO 07 **Mandatory to Report Voluntary to Disclose** Gateway General

OO 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

Internally managed	SSA	80
	Corporate (financial)	10
	Corporate (non-financial)	10
	Securitised	0
	Total	100%
Externally managed	SSA	30
	Corporate (financial)	25
	Corporate (non-financial)	25
	Securitised	20
	Total	100%

OO 08

Mandatory to Report Voluntary to Disclose

Peering

General

OO 08.1

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.

	% 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>	100%

OO 09	Mandatory to Report Voluntary to Disclose	Peering	General
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OO 09.1	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 %

OO 10	Voluntary	Descriptive	General
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OO 10.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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At Zurich, Investment Management 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. While those investments are small relative to own assets, the same responsible investment approach and processes apply to these funds. 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 within the scope of Zurich's responsible investment approach.

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 pro-cyclical, 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 asset-liability management (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 market values of assets and liabilities move in line with fluctuations in interest rates. The optimal mix of asset classes is then determined. It should offer the greatest long-term expected investment return while taking into account Zurich's liabilities, regulatory framework and allocated capital. To make this asset allocation, Investment Management distills all investable asset classes into a set of six easily-understandable and transparent risk factors. These comprise interest rate risk, credit risk, liquidity risk, equity and commodity risk, and 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.

Insurance investment management is relatively complex. To effectively manage investment risks relative to insurance liabilities, Zurich has a very strong focus on ALM and is required, often also by the regulator, to hold certain assets. For instance, Zurich must hold sovereign bonds to back certain local currency liabilities. In addition, requirements to balance investment income and total return, tax considerations and other constraints exist and vary widely across local jurisdictions. Zurich holds investments in over 500 different portfolios, on over 200 different balance sheets in more than 40 jurisdictions, managed by over 30 different external, as well as internal asset managers. This complexity makes it hard to apply uniform processes and approaches in every case, meaning some exceptions must be made.

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 here, capture Zurich's implementation of the principles to a large extent.

More information on Zurich's overall investment approach can be found in our publication 'Investment Management: a creator of value in an insurance company' online at:

www.zurich.com/_/media/dbe/corporate/docs/whitepapers/investment-management-value-creation-2014.pdf?la=en

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
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OO 11.1	Select your direct or indirect ESG incorporation activities your organisation implemented, for listed equities in the reporting year.
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- We incorporate ESG in our investment decisions on our internally managed assets
- We address ESG incorporation in our external manager selection, appointment and/or monitoring processes
- We do not incorporate ESG in our directly managed listed equity and/or we do not address ESG incorporation in our external manager selection, appointment and/or monitoring processes.

OO 11.2	Select your direct or indirect engagement activities your organisation implemented for listed equity in the reporting year.
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- We engage with companies on ESG issues via our staff, collaborations or service providers
- We require our external managers to engage with companies on ESG issues on our behalf
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Explain why not.

While many of our internal and external asset managers do engage with companies on ESG issues, this was not a formal requirement in 2015. We expect to formulate a strategy for over the course of 2016.

OO 11.3

Select your direct or indirect voting activities your organisation implemented for listed equity in the reporting year

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 11.4

Indicate why you do not cast your votes

- Indicate why do you not vote

A comprehensive proxy voting strategy for internally- and externally-managed assets was formulated and approved in 2015. However, implementation will only start in 2016. The new approach introduces active execution of voting rights for the majority of all internally-managed assets and a formal requirement for external asset managers to execute votes on Zurich's behalf.

In 2015, proxy voting for externally-managed listed equities was delegated to external managers as specified in the Investment Management Agreements (IMA), but active execution was not a formal requirement. However, all of Zurich's externally managed equities in scope for voting (see OO 12.4 for details) are covered by an active proxy voting policy. While not all votes are executed due to geographic restrictions in policies, technical restrictions related to portfolio structures, etc., in 2015 our external asset managers reported that they executed proxy votes in line with their policy for portfolios accumulating up to 70 percent of externally-managed equities in-scope for ESG integration (see OO 12.4 for details).

As per 2015, proxy votes for internally-managed assets were not executed systematically.

- We do not cast our votes but provide substantive research and voting recommendations to our clients

OO 12

Mandatory

Gateway

General

OO 12.1

Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)

- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- 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 12.2

Select externally managed assets classes where you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes (during the reporting year)

- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Fixed income – securitised
- Private equity
- Hedge funds
- Other (2)
- None of the above

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

Loans

OO 12.3

Additional information. [Optional]

The following asset classes are currently excluded from ESG integration:

- Sovereign, supranational and agency (SSA) securities: 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 SG 11.3 for further details.) Zurich does not manage any multi-currency sovereign bond or SSA portfolios that would allow ESG factors to influence issuer selection. However, SSA securities are in scope as part of our impact investing strategy.
- 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 well-established 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 has no control, active proxy voting is not applicable.

OO 13

Mandatory

Gateway

General

You will need to make a selection in OO 13.1 only if you have any voluntary modules that you can choose to report on.

OO 13.1

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 below.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Fixed Income

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

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 - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private Equity

Closing module

- Closing module

Zurich Insurance Group

Reported Information

Public version

Strategy and Governance

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Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) Investment philosophy <input checked="" type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM
<div style="background-color: #0070C0; color: white; padding: 2px;">other (2) description</div> Private equity investment process manual	

SG 01.3

Indicate what norms have you used to develop your RI policy.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 01.4

Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].

Zurich's responsible investment strategy comprises three elements, which are integrated into the overall investment approach:

1. ESG integration
2. Impact investing
3. Advancing together

See SG 01.5 below for a more detailed description of these key elements.

No

SG 01.5

Additional information [Optional].

Responsible investment means different things to different people. A clear understanding of Zurich's corporate responsibility is the starting point for defining our approach to responsible investment. At Zurich, corporate responsibility is about how we conduct our business and is an integral part of the Group's strategy. It is about sustainable value creation, one of our core values, as set out in the Zurich Basics, our code of conduct:

- Creating value for customers, shareholders, employees and society
- Proactively addressing ESG issues
- Focusing on long-term success over short-term gains

We aim to create sustainable value by focusing on what we do best and making use of our core skills in insurance, risk management and investment. Our corporate responsibility focuses on enhancing community flood resilience, investing our Group assets responsibly and working with our corporate customers to help them understand and manage their corporate responsibility risks. Responsible investment is thus 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 direct 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.

Responsible investment forms a key element of Zurich's investment philosophy and comprises three elements:

1. ESG integration: Proactively integrating 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 'doing well' and in achieving our mission to generate 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 some of the pressing social or environmental issues of our time. Zurich is directly exposed to challenges such as climate change, resource depletion, and more. We have a direct interest in sustainable global economic growth and supporting communities in becoming more resilient to environmental and social challenges. Impact investments can help address these issues through their targeted, positive impact, and also offer a financial return commensurate with risks.

3. Advancing together: We believe that responsible investment will only truly have an impact if financial market participants are advancing together, making responsible investment mainstream. Only by acting collectively can ESG risk be priced efficiently, offer the right incentives to those seeking to raise capital in the market, and allow impact investments to provide capital on the scale needed to tackle the pressing social and environmental issues of our time. Supporting collaborative initiatives and working together with other industry participants to advance responsible investment practices thus forms an integral part of our approach.

Navigating the complexity of insurance investment management and practicing responsible investment at the same time can only be achieved by fully integrating these responsible investment practices into the overall investment approach and making them part and parcel of everyday investment decision-making. Strategies and policies alone are not sufficient. Responsible investment must become part of the organization's DNA - its culture. This will take time, leadership and 'learning by doing.' To accelerate and support this process, we are providing incentives to investment professionals to practice responsible investing by reflecting responsible investment in individual objectives across the Investment Management organization; we have incorporated responsible investment into Zurich's technical competency framework used to determine job profiles and training requirements; we have established a global group of 'responsible investment champions' representing individual teams; and we have built a small but dedicated responsible investment team that acts as a catalyst and engages with the rest of the organization on an ongoing basis.

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.
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- Policy setting out your overall approach

URL

https://www.zurich.com/_/media/dbe/corporate/docs/corporate-responsibility/responsible-investment-at-zurich-december-2014.pdf?la=en

Attachment [Optional]

[Responsible Investment at Zurich. What we want to achieve, and how we do it.pdf](#)

- Screening / exclusions policy

URL

<https://www.zurich.com/en/corporate-responsibility/responsible-investment/esg-integration>

- (Proxy) voting policy
- Other, specify

Other, specify (1) description

Investment philosophy

URL

https://www.zurich.com/_/media/dbe/corporate/docs/whitepapers/investment-management-value-creation-2014.pdf?la=en

Attachment [Optional]

[investment management value creation 2014.pdf](#)

- Other, specify
- We do not publicly disclose our investment policy documents

SG 02.2 Additional information [Optional].

Additional policies and guidance documents making reference to responsible investment that are publicly available:

- Responsible investment position statement: www.zurich.com/_/media/dbe/corporate/docs/corporate-responsibility/zurich-responsible-investment-position-statment-2014.pdf?la=en
- Zurich Basics (Code of Conduct): www.zurich.com/en/about-us/strategy/code-of-conduct

SG 03	Mandatory	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

A number of policies and procedures are in place at Zurich to manage conflicts of interest. While no separate document exists focused exclusively on conflicts of interests in the broader investment process, potential conflicts of interest are effectively managed as follows:

- Investment and insurance underwriting decisions separated through dedicated line responsibility and clear accountability of Group and Local Chief Investment Officers
- Clear investment policies and guidelines, and overview of decision-making process through Asset-Liability Management Investment Committees (ALMICs)
- Policies on gifts and entertainment
- Clear guidelines on ethical behaviour through code of conduct (Zurich Basics)

No

Objectives and strategies

SG 04	Mandatory	Gateway/Core Assessed	General
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SG 04.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 04.2	Additional information. [Optional]
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See SG 06.4 for additional information on the objective-setting process

SG 05	Voluntary	Descriptive	General
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SG 05.1	List the main responsible investment objectives that your organisation set for the reporting year.
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	Responsible investment processes
--	----------------------------------

- Provide training on ESG incorporation

	Key performance indicator
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Completion rate for basic and advanced responsible investment training.

	Progress achieved
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Both basic and advanced trainings have been rolled out globally across the investment management team in 2015. Zurich monitors, but does not currently disclose the completion rate.

- Provide training on ESG engagement
- Improved communication of ESG activities within the organisation
- Improved engagement to encourage change with regards to management of ESG issues
- Improved ESG incorporation into investment decision making processes

	Key performance indicator
--	---------------------------

Zurich established a number of KPIs capturing four elements of ESG integration (see SG 01.5 for details) but does not currently disclose those metrics.

Progress achieved

Good progress was made in ESG integration for both in-house and external portfolio management, but Zurich does not currently disclose detailed KPIs.

Other, specify (1)

Execution of impact investing strategies for green bonds and private equity.

Key performance indicator

Total amount of impact investments (USD millions)

Progress achieved

Impact investments as of December 31, 2015:

- Green bonds: USD 870 million
- Other use-of-proceed bonds: USD 55 million
- Impact private equity (commitments): USD 105 million

Other, specify (2)

Other, specify (3)

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon targets for portfolio

Key performance indicator

Kg of CO2 emitted and kWh used per sqm, respectively, for Swiss real estate portfolio

Progress achieved

- CO2: 29 kg/sqm (2014), -5% vs. 2010
- Energy consumption: 116 kWh/sqm (2014), -4% vs. 2010

- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

	Other activities
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- Joining and/or participation in RI initiatives
- Encouraging others to join a RI initiative
- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

SG 05.2	Additional information.
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Currently, reduction targets for CO2 emissions and energy consumption only apply to real estate investments in Switzerland (55 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 corporate real estate (whether owned or leased) is reported separately in the environmental performance section of Zurich's annual report.

Governance and human resources

SG 06	Mandatory	Core Assessed	General
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SG 06.1	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
- Investor relations
- Other role, specify
- Other role, specify

SG 06.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

2

SG 06.4

Additional information. [Optional]

Group-level

- Zurich's Board of Directors formally oversees the execution of the Group's strategy, of which corporate responsibility forms an integral part. Progress on corporate responsibility focus areas, including responsible investment, is regularly reported to the Board of Directors.
- Zurich's corporate responsibility (CR) strategy includes responsible investment as one of its areas of focus. The Group Executive Committee (GEC) is accountable for the CR strategy and its execution. The CR strategy forms an integral part of the Group's 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. A cross-functional Group-level body - the CR Working Group - is responsible for setting the Group's CR strategy, priorities and objectives for approval by the GEC and monitors progress of the implementation of Zurich's overall CR 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 is reflected in 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, all Regional Investment Managers, local CIOs, portfolio managers, analysts and others.

SG 07	Voluntary	Additional Assessed	General
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SG 07.1	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

SG 07.3	Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.
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All objectives related to responsible investment are assessed as part of Zurich's performance management process and affect variable pay through overall performance ratings.

Promoting responsible investment

SG 08	Mandatory	Core Assessed	PRI 4,5
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 08.1	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.
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Select all that apply

- 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 Environmental and Social Themed Investing (E&S) Steering Committee, the Fixed Income Engagement Sub-Committee, and the Private Equity LP DDQ Working Group

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- 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

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 participated in the CFA Institute's practice analysis panel on responsible investment, a process to determine appropriate content on responsible investment practices in the future CFA curriculum.

- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)

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 an active member of the Global Impact Investing Network's (GIIN) Investors' Council.

- 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)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action for the 21st Century
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify Forum per la Finanza Sostenibile (FFS)

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 actively supports FFS workshops and initiatives.

More information about the work of FFS can be found here:

www.finanzasostenibile.it

- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

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 participating in the United Nations Environment Programme's (UNEP) 'Inquiry into the Design of a Sustainable Financial System' as a representative of the Swiss Federal Office for the Environment's 'Swiss Team' initiative.

- 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 is committed to the United Nations Global Compact's principles, enacts these principles within its sphere of influence, and regularly communicates on our progress.

- 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 11 institutional investors participating in a three-year project led by the University of Cambridge's Institute for Sustainability Leadership to research and encourage responsible investing.

More information about the ILG's work can be found at:

www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group

- Other collaborative organisation/initiative, specify

Green Bond Principles

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 member of the Green Bond Principles Executive Committee, Co-Chair of the initiative and active participant of various working groups.

More details about the Green Bonds Principles can be found at:

www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds

- Other collaborative organisation/initiative, specify

EMPEA Impact Investing Council

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 Emerging Market Private Equity Association's (EMPEA) Impact Investing Council.

More information about the initiative's work can be found at:

<http://empea.org/about/leadership-governance/councils/impact-investing-council>

- Other collaborative organisation/initiative, specify

SG 08.2

Additional information. [Optional]

Responsible investment as a holistic concept is still relatively new, and many responsible investment practices have not yet found their way into mainstream investment processes. The ultimate objective of responsible investment - to create social and environmental value alongside financial returns - can only be achieved if the various responsible investment practices become truly embedded in mainstream investment management.

Only by acting collectively, and through a collective understanding of how ESG factors affect risk and opportunity, will market mechanisms lead to efficient pricing of these ESG factors. And only that pricing signal will provide a strong enough incentive to all those seeking to raise capital in the market to deal with ESG issues effectively and strategically.

Acting collectively, impact investments will provide capital on the scale needed to tackle the pressing social and environmental issues of our time. Close collaboration is needed to bring investors, public actors and NGOs together to design the financial market instruments that will allow investors to maximize their positive impact.

Many aspects are still poorly understood that relate to how non-financial factors affect assets' performance and how, in turn, our actions affect non-financial value generation. By working together we will find answers to those important questions.

That is why Zurich looks to work with other industry participants to advance responsible investment practices. In addition to being a signatory of the Principles of Responsible Investment (PRI), Zurich supports a number of collaborative initiatives and works closely together with many others in the field to help advance responsible investment practices and identify new solutions.

Visit www.zurich.com/en/corporate-responsibility/responsible-investment/advancing-together to learn more about our engagement.

SG 09**Mandatory****Core Assessed****PRI 4****SG 09.1**

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 09.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- 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
- Wrote articles on responsible investment in the media.
- Other, specify

specify description

Together with Population Services International (PSI), a large global health organization, Zurich is promoting innovative financing approaches for Non-Government Organizations (NGOs)

No

SG 09.3	Additional information. [Optional]
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Working actively to promote and advance responsible investment practices is an integral part of Zurich's overall responsible investment approach, and critical in achieving responsible investment's ultimate goal: to create social and environmental value along with financial returns. More details can be found in SG 08.2.

As part of our activities to promote responsible investment, Zurich speakers have participated in over 15 events and webinars, and Zurich contributed to, or authored, a similar number of articles through various media outlets globally, over the course of 2015.

SG 10	Voluntary	Additional Assessed	PRI 4,5,6
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SG 10.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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Yes

- Yes, individually
- Yes, in collaboration with others

SG 10.2	Select the methods you have used.
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- Endorsed written submissions to governments, regulators or public policy developed by others
- Drafted your own written submissions to governments, regulators or public policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

SG 10.3	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
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Yes, publicly available

	provide URL
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<http://www.iigcc.org/publications/publication/open-letter-to-finance-ministers-in-the-group-of-seven-g-7>

	provide URL
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<http://www.bafu.admin.ch/publikationen/publikation/01807/index.html?lang=en>

No

No

SG 10.4	Additional information
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In 2015, Zurich has promoted the following initiatives:

- Signed IIGCC open letter to G7 Finance Ministers (available online)
- Signed SSE letter to IOSCO (letter not publically available)
- Signed SSE letters to various stock exchanges (letter not publically available)

- Provided input on green bonds and ESG as part of the EU consultation on the Capital Market Union (not publically available)
- Participated in the United Nation Environment Programme's (UNEP) 'Inquiry into the Design of a Sustainable Financial System' as a representative of the Swiss Federal Office for the Environment's 'Swiss Team' initiative (report available online)
- Participated in a consultative session held by the Swiss State Secretariat for International Financial Matters on responsible investment (information not publically available)

Implementation not in other modules

SG 11	Voluntary	Descriptive	PRI 1
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SG 11.1	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
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- Yes
 No

SG 11.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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- Yes
 No

SG 11.3	Additional information.
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The starting point in determining the investment strategy in insurance investment management is asset-liability management (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 market values of assets and liabilities move in line with fluctuations in interest rates.

The optimal mix of asset classes - or in other words, the strategic asset allocation - is then determined, one that offers the highest long-term expected investment return given Zurich's liabilities, regulatory framework and allocated capital. To make this asset allocation, Investment Management distils all investable asset classes into a set of six easily-understandable and transparent risk factors. These comprise interest rate risk, credit risk, liquidity risk, equity and commodity risk, and 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.

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

SG 12	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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SG 12.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you consider.
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- Changing demographics
 Climate change

SG 12.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

In 2015, Zurich conducted a comprehensive analysis of climate change-related risks and opportunities.

- None of the above

SG 12.3

Indicate which of the following tools you use to manage emissions risks and opportunities

- Carbon footprinting
 - Scenario testing
 - Disclosure on emissions risk to clients/trustees/management/beneficiaries
 - Target setting for emissions risk reduction
 - Encourage internal and/or external portfolio managers to monitor emissions risk
 - Emissions risk monitoring and reporting are formalised into contracts when appointing managers
 - Other, specify
 - None of the above
- Resource scarcity
 - Technology developments
 - Other, specify(1)
 - Other, specify(2)
 - None of the above

SG 12.5

Additional information [Optional]

Zurich believes that ESG issues, including the ones outlined in this report, such as climate change, demographic trends, resource scarcity and technology developments are best captured through ESG integration at the security and asset selection levels. Through our ESG integration process (see LEI 03.4 or FI 04.3 for details on Zurich's ESG integration approach), we expect internal and external asset managers to capture the risks and opportunities associated with a broad range of ESG issues, including the ones outlined here.

As relates to SG 12.2 and SG 12.3 above: Zurich targets low carbon or climate resilient investments through its impact investing strategies (See SG13.4 for more details on Zurich's impact investing approach) and applies carbon footprinting and emission reduction targets to its Swiss real estate portfolio.

SG 13

Mandatory to Report Voluntary to Disclose

Descriptive

PRI 1

SG 13.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 13.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

0.5

SG 13.3

Please specify which thematic area(s) you invest in and provide a brief description.

Area

Clean technology (including renewable energy)

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through green bonds and impact private equity funds.

Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through direct real estate investments and through green bonds.

Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through green bonds.

- Sustainable agriculture

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through green bonds.

- Microfinance

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through impact private equity funds.

- SME financing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through impact private equity funds.

- Social enterprise / community investing
- Affordable housing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through use-of-proceeds social bonds.

- Education

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through use-of-proceeds social bonds.

- Global health
- Water

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Private equity
- Property

Brief description of investment

Through impact private equity funds as well as use-of-proceeds social bonds.

- Other area, specify
- No

SG 13.4

Additional information [Optional].

Zurich believes that numerous impact investment opportunities exist across various asset classes. We have committed ourselves to evaluating impact investment opportunities and, over time, to building a portfolio of impact investments. In identifying potential impact investments, we will assess whether the investment meets our definition of impact investing (intentionality - measurability - profitability), supports our impact objectives (mitigating environmental risks and increasing community resilience) and/or, contributes to development of the impact investing market.

However, we also believe that impact investing will only be sustainable as an investment 'style' if it can be integrated into our overall approach to investment management. Opportunistic investments can supplement the portfolio occasionally. But in general, we want impact investments to be an integral part of the portfolio, not just one-offs. Consequently, in addition to the criteria already described, we will also assess impact investment opportunities along the following lines:

- Risk and return profile: Is the risk/return profile in line with Zurich's risk-factor based approach to ALM and strategic asset allocation?
- Scale: Is the universe of assets for a given type of impact investment large enough to define a meaningful allocation, build a diversified portfolio, and re-invest capital over time?
- Structure: Does Zurich, or an institutional-quality external asset manager, have the capability and expertise to manage the asset?
- ESG risks: As with any other investment, we will assess ESG risks associated with the underlying asset as part of a holistic asset selection process. Note that we do not equate ESG performance with impact.

Over the course of 2015, Zurich has made good progress in building a portfolio of impact investments:

- **Green bonds:** In 2014, Zurich announced its commitment to invest up to USD 2 billion in green bonds. By the end of 2015, USD 870 million had been invested in green bonds.
- **Socially-themed use-of-proceeds bonds:** By the end of 2015, USD 55 million had been invested in socially-themed use-of-proceeds bonds of various issuers.

- **Impact private equity:** By end of 2015, Zurich had committed USD 105 million to impact investing opportunities in private equity.
- **Real estate:** Zurich continues to make investments aimed at reducing energy use and carbon emissions of its real estate portfolio.

Zurich's impact objectives: mitigating environmental risks and increasing community resilience

The basic role of insurance in society is, by pooling risks, to help protect individuals or organisations from the uncertainties of life and the vagaries of our world. Providing insurance protection to individuals frees them from social constraints. Without insurance, individuals remain dependent on the support of the family or community, or risk poverty and destitution. And even in cases where family or community support is available, many shocks will continue to significantly affect the welfare of the poorest. As a global insurance group, serving millions of customers in over 170 countries and with a rapidly growing footprint in many emerging regions of the world, Zurich and its customers are directly or indirectly exposed to many environmental and social challenges. Not all of these can be mitigated completely by insurance solutions alone.

Through our impact investments we target positive outcomes in two main ways:

- Mitigating environmental risks by supporting a low-carbon economy and encouraging environmentally-friendly technologies
- Increasing community resilience by helping to build 'community capital' and addressing the needs of populations that lack traditional means to achieve such goals (the 'underserved populations')

At the same time, we also acknowledge that the impact-investment market is still at an early stage of development. The universe of impact investment is limited, albeit growing rapidly, and institutional investor commitment is crucial for the market's further development. It is also one of our explicit objectives to support the 'mainstreaming' of impact investing through collaborative engagement and investments. To support market development and achieve scale and portfolio diversification, we may also support investments targeting impacts beyond those already mentioned.

Mitigating environmental risks: There is strong evidence that climate change is happening, that it is influenced by human action and that it is leading to changes in extreme weather and climate events. Zurich recognizes the risk that environmental issues such as climate change pose to its stakeholders and its business performance. Zurich's mission is to help its customers understand and protect themselves from risks, such as the risks associated with climate change. Mitigating climate change, and environmental protection more generally, is integral to sustainable value creation for both Zurich and society.

As a signatory to the United Nations Global Compact, Zurich is committed to promoting greater environmental responsibility (UN Global Compact Principle 8) and to encouraging the development and 'diffusion' of environmentally-friendly technologies (Principle 9). This includes achieving universal access to modern energy services, improving energy efficiency, and increasing the share of energy generated from renewable resources.

Zurich will consider impact investments that help increase energy efficiency, generate renewable energy or mitigate climate change and/or protect the environment in other ways.

Increasing community resilience: In addition to the pooling of risk, insurance can also help make communities and society more resilient to unforeseen shocks, for instance by sharing expertise on how to mitigate risks. Zurich's efforts to help communities reduce the impact of floods as part of our flood resilience programme are an example of how we use our expertise to increase the resiliency of communities.

However, resilience should not be viewed too narrowly. A holistic approach is required - one that takes into account communities' needs. In a white paper on flood resilience we state that "to be effective, resilience activities should encourage efforts to maintain and raise the standard of living of those affected by [disaster]." An effective way to supplement more narrow measures of resilience is to look at community capital, or 'the five Cs': physical capital (infrastructure, equipment; etc.); financial capital; human capital (health, etc.); social capital (social relationships and networks, etc.); and natural capital. Sustainable economic growth and well-being go hand-in-hand with risk preparedness.

Zurich will consider impact investments that help to build community capital and make goods and services more accessible to populations that are not adequately served by traditional investment means.

Innovation

SG 17	Voluntary	Descriptive	General
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SG 17.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 17.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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Ways in which non-governmental organizations (NGOs) and impact investors might work more closely together is a topic of increasing interest. Investments that benefit society and provide financial returns can reward investors as well as NGOs. NGOs' expertise and infrastructure, which allow them to achieve impact at scale, make them attractive for investors interested in generating positive social or environmental impact, while large, international NGOs may be ideally positioned to take advantage of new capital sources to increase the scale of their interventions and increase their flexibility. However, many of these same NGOs lack experience in using private capital; meanwhile institutional investors often do not understand how investments in NGOs could work.

To address these challenges, Zurich is collaborating with Population Services International (PSI), a large global health organization, with the objective of facilitating more frequent and meaningful engagement between NGOs and impact investors via investments of private investor capital - investments that deliver both social impact and a financial return.

The first phase of Zurich and PSI's joint project led to the development of a framework for potential solutions, summarized in a report released in 2014. 'Using private investor capital to increase NGO impact: a framework and key considerations to facilitate engagement' that can be downloaded at:

https://www.zurich.com/_/media/dbe/corporate/docs/corporate-responsibility/private-investor-capital-ngo-impact-june-2014pdf.pdf?la=en

A second phase of the project launched in late 2014 is ongoing and includes establishing feasibility of testing one of the transaction models identified in the conceptual framework.

No

Assurance of responses

SG 18	Voluntary	Additional Assessed	General
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SG 18.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
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Yes

SG 18.2	Indicate who has reviewed, validated and/or assured your reported information.
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Reviewed by Board, CEO, CIO or Investment Committee

Validated by internal audit or compliance function

Assured by an external independent provider, specify name

PricewaterhouseCoopers assured selected responsible investment key performance indicators also published in our Annual Report and on zurich.com

Other, specify

SG 18.3

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

Selected key performance indicators, including some of those shown in SG 05, were independently verified by PricewaterhouseCoopers.

All information provided in this questionnaire was reviewed by a team member not originally responsible for answering a specific question, who independently validated the contents.

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 and signed off by the Group CIO.

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	Mandatory	Core Assessed	PRI 4
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SAM 01.1 Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use fiduciary managers
- No

SAM 02	Mandatory	Gateway	General
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SAM 02.1 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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - SSA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (financial)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fixed income - Corporate (non-financial)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Private equity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

SAM 02.2 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

Zurich strives to fully reflect the four basic requirements for successful ESG integration (see SG 01.5 for a description of how Zurich looks at ESG integration) in its asset manager life cycle process for all in-scope assets (see OO 14.4 for a description of assets in scope for ESG integration).

Manager selection

A set of responsible investment questions is included the request for information (RFI) and request for proposal (RFP) questionnaires, and is included in evaluations 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

Zurich expects its asset managers to reflect the four basic requirements of ESG integration in their investment approach. To formally express these expectations, Zurich has started to include the following language in investment management agreements (IMA):

"In pursuing the investment objectives set forth in the Investment Guidelines, the Investment Manager will have a process for assessing and monitoring current or potential investments in relation to relevant long-term factors such as environmental, social and corporate governance issues (the 'ESG Factors'). The Investment Manager will ensure that its staff receives adequate training, access to relevant data and information, and applies due care and diligence to applying this process, including considering the extent to which the ESG Factors generate investment risks or opportunities. The Investment Manager seeks to act in the best long-term interests of the Client by taking ESG Factors (identified as relevant) into account when making investment decisions. All else equal, the Investment Manager will prefer securities which, in the Investment Manager's assessment, show superior environmental, social, and governance practices.

Upon the reasonable request of the Client Investment Manager will attend meetings, presentations and, if necessary, discussions with third parties relating to the Accounts, and will provide any information reasonably requested by the Client in connection therewith. In addition, the Investment Manager shall at least annually make available to the Client a written position statement describing the Investment Manager's approach to include the ESG Factors in their investment decisions and, upon reasonable request, the Investment Manager shall discuss any achievements in implementing those practices.

The Investment Manager will discuss, upon reasonable request, exposures to material environmental, social, and governance risk factors, and a watch list of Accounts investments exposed, as identified by the Investment Manager, to particularly controversial ESG issues, with an explanation of how the Investment Manager has sought to identify, monitor and manage such exposures, including any action taken to directly engage with the management of investee companies.

The Investment Manager will discuss, to the extent the Investment Manager engages directly with the management of investee companies as part of its regular investment process, ESG factors identified as relevant."

Manager review

Zurich uses the following elements to formally integrate responsible investment practices into the monitoring process:

- 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 ESG performance as part of Asset-Liability Management Investment Committee (ALMIC) 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

Note that separate processes are followed for private equity, described in SAM 09, SAM 10 and SAM 11.

SAM 02.3	Additional information. [Optional]
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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, organisation and operations processes and costs. A dedicated manager selection team is responsible for this process. Zurich's asset manager selection skill and capabilities provide a distinct competitive edge relative to Zurich's major insurance peers, which tend to manage their investments in-house rather than outsourcing them to the best external investment managers.

Note that responsible investment factors for SSA mandates are only taken into account for Zurich's existing dedicated SSA green bond mandate, as indicated in SAM 04.1.

Note that the specific examples shown in section SAM 02.2 serve as an internal templates for Zurich's IMAs with external asset managers and RFP questionnaires, respectively. Zurich has started to include responsible investment language in selected mandates. Language is adapted on a case-by-case basis to take into account the individual nature of each investment mandate. The language used does not represent a recommendation to any third party to use this or similar wording in IMAs.

Listed equity (LE) and Fixed income (FI)

Overview

SAM 03	Mandatory to Report	Voluntary to Disclose	Gateway	General
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SAM 03.1	Provide a breakdown of your externally managed listed equities and fixed income by passive, active quant and, active fundamental and other active strategies.
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Listed equity (LE)	<table border="1"> <tr> <td data-bbox="571 226 683 293">35</td> <td data-bbox="691 226 1444 293">Passive strategies</td> </tr> <tr> <td data-bbox="571 371 683 439">13</td> <td data-bbox="691 371 1444 439">Active - quantitative (quant) strategies</td> </tr> <tr> <td data-bbox="571 517 683 584">52</td> <td data-bbox="691 517 1444 584">Active - fundamental and active - other</td> </tr> <tr> <td data-bbox="571 640 683 674">100%</td> <td></td> </tr> </table>	35	Passive strategies	13	Active - quantitative (quant) strategies	52	Active - fundamental and active - other	100%	
35	Passive strategies								
13	Active - quantitative (quant) strategies								
52	Active - fundamental and active - other								
100%									
Fixed income - SSA (SSA)	<table border="1"> <tr> <td data-bbox="571 734 683 801">0</td> <td data-bbox="691 734 1444 801">Passive strategies</td> </tr> <tr> <td data-bbox="571 880 683 947">0</td> <td data-bbox="691 880 1444 947">Active - quantitative (quant) strategies</td> </tr> <tr> <td data-bbox="571 1025 683 1093">100</td> <td data-bbox="691 1025 1444 1093">Active - fundamental and active - other</td> </tr> <tr> <td data-bbox="571 1149 683 1182">100%</td> <td></td> </tr> </table>	0	Passive strategies	0	Active - quantitative (quant) strategies	100	Active - fundamental and active - other	100%	
0	Passive strategies								
0	Active - quantitative (quant) strategies								
100	Active - fundamental and active - other								
100%									
Fixed income - Corporate (financial)	<table border="1"> <tr> <td data-bbox="571 1238 683 1305">4</td> <td data-bbox="691 1238 1444 1305">Passive strategies</td> </tr> <tr> <td data-bbox="571 1384 683 1451">0</td> <td data-bbox="691 1384 1444 1451">Active - quantitative (quant) strategies</td> </tr> <tr> <td data-bbox="571 1529 683 1597">96</td> <td data-bbox="691 1529 1444 1597">Active - fundamental and active - other</td> </tr> <tr> <td data-bbox="571 1653 683 1686">100%</td> <td></td> </tr> </table>	4	Passive strategies	0	Active - quantitative (quant) strategies	96	Active - fundamental and active - other	100%	
4	Passive strategies								
0	Active - quantitative (quant) strategies								
96	Active - fundamental and active - other								
100%									
Fixed income - Corporate (non-financial)	<table border="1"> <tr> <td data-bbox="571 1742 683 1809">2</td> <td data-bbox="691 1742 1444 1809">Passive strategies</td> </tr> <tr> <td data-bbox="571 1888 683 1955">0</td> <td data-bbox="691 1888 1444 1955">Active - quantitative (quant) strategies</td> </tr> </table>	2	Passive strategies	0	Active - quantitative (quant) strategies				
2	Passive strategies								
0	Active - quantitative (quant) strategies								

	<div style="background-color: #0070C0; color: white; padding: 2px;">Active - fundamental and active - other</div> <p>98</p> <p>100%</p>
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SAM 04	Mandatory	Gateway	PRI 1,2
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Appeal approved for this indicator

SAM 04.1 Indicate which of the following ESG incorporation strategies you require your external manager(s) to implement on your behalf:

Active investment strategies

Active investment strategies	LE	SSA	Corporate (financial)	Corporate (non-financial)
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Thematic	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Passive investment strategies

Passive investment strategies	LE	Corporate (financial)	Corporate (non-financial)
Screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Selection

SAM 05	Mandatory	Core Assessed	PRI 1-6
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SAM 05.1

Indicate whether your organisation and/or your investment consultant typically do any of the following in the manager selection process for listed equity and/or fixed income.

General

	LE	SSA	Corporate (financial)	Corporate (non-financial)
Review the manager's responsible investment policies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<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"/>	<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"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss minimum responsible investment expectations that managers must meet	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the role managers have played in collaborative initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<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"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment reporting to clients and/or the public, (excluding PRI)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the type of ESG reporting you expect	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Assign specific weighting to ESG factors in your manager evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects in your selection process, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	LE	SSA	Corporate (financial)	Corporate (non-financial)
Evaluate the quality and coverage of ESG research used by managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess how the manager incentivises brokers to provide ESG research	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assess managers' ESG incorporation strategies and ability to identify and manage ESG issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ESG incorporation issues in your selection process, specify	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Engagements

	SSA	Corporate (financial)	Corporate (non-financial)
Discuss with the manager the historic interactions they have had with the investee entities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the comprehensiveness of managers' engagement processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the role managers have played in influencing investee entities' ESG practices and performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the escalation strategies the manager deploys in case of insufficient ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss how information gained through engagement is incorporated into investment decision-making	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other engagement issues in your selection process, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

If you select any 'Other' option(s), specify
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See SAM 02.2 for further details on ESG in the selection process.

SAM 05.2	Please describe the level of experience board members/trustees/chief-level staff have with incorporating ESG factors into investment decision-making processes.
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A large number of external asset managers manage assets on behalf of Zurich. While the experience of portfolio management staff with respect to ESG integration is assessed, we do not systematically collect information on the experience of chief-level staff.

SAM 05.3	Provide additional information relevant to your organisation's selection approach for listed equity and/or fixed income. [Optional]
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- All reporting regarding SSA refers to Zurich's existing dedicated SSA green bond mandate managed by an external asset manager.
- While a strategy for engagement is currently being developed, a number of Zurich's external asset managers apply systematic engagement approaches. Zurich actively encourages its asset managers to engage with investee companies on ESG issues, reflects engagement activities in the selection process and systematically collects information from its internal and external asset managers on engagement activities with portfolio companies (see SAM 02.2 for details). However, Zurich does not currently formally require managers to engage.

Appointment

SAM 06	Voluntary	Additional Assessed	PRI 4
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SAM 06.1	When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in investment management agreements/contracts for your listed equity and/or fixed income:
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	General
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	LE	SSA	Corporate (financial)	Corporate (non-financial)
Acting in accordance with your organisation's overall investment beliefs on responsible investment and ESG issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Acting in accordance with your organisation's overall strategy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Acting in accordance with your organisation's overall policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general RI considerations in investment management agreements, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	LE	SSA	Corporate (financial)	Corporate (non-financial)
Specific requirements relating to the incorporation of ESG issues into investment decision-making	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other RI considerations relating to ESG incorporation in investment management agreements, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Engagements

	SSA	Corporate (financial)	Corporate (non-financial)
Specific requirements relating to engagement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other RI considerations relating to engagement in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Reporting

	LE	SSA	Corporate (financial)	Corporate (non-financial)	
Reporting on the agreed responsible investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other RI considerations relating to reporting in investment management agreements, specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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

See SAM 02.2 for a template of the language used in IMAs.

SAM 06.2 Provide additional information relevant to your organisation's manager appointment process and considerations included in contractual agreements for listed equity and/or fixed income.

All reporting regarding SSA refers to Zurich's existing dedicated SSA green bond mandate managed by an external asset manager.

Monitoring

SAM 07	Mandatory	Core Assessed	PRI 1
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SAM 07.1	Indicate whether your organisation and/or your investment consultant in the dialogue and monitoring of your external manager typically do any of the following.
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	General
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	LE	SSA	Corporate (financial)	Corporate (non-financial)
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss if the manager has acted in accordance with your overall investment beliefs on responsible investment and ESG issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss if the manager has acted in accordance with your organisation's overall strategy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss if the manager has acted in accordance with your organisation's overall policy on responsible investment and ESG issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's responsible investment reporting (excluding PRI)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review ESG characteristics of the portfolio	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Review the impact of ESG issues on financial performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Encourage your managers to consider joining responsible investment initiatives/organisations or participate in collaborative projects with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other general aspects of your monitoring, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

	LE	SSA	Corporate (financial)	Corporate (non-financial)
Request information on ESG incorporation in specific investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other ways you monitor ESG incorporation, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Engagements

	SSA	Corporate (financial)	Corporate (non-financial)
Review the ESG information relevant to the engagements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Discuss the number of engagements and their comprehensiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the type of role played (i.e. leading or supporting)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the outcomes and quantifiable impact of the engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Review the progress of ongoing engagements and/or outcomes of completed engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other ways you monitor engagement activities, specify	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

- See SAM 02.2 for a description of monitoring processes focused on ESG.
- Zurich engages extensively with green bond issuers across the different fixed income sectors

SAM 07.2	Provide additional information relevant to your organisation's dialogue and monitoring of external managers.
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- All reporting regarding SSA refers to Zurich's existing dedicated SSA green bond mandate managed by an external asset manager.
- While a strategy for engagement is currently being developed, a number of Zurich's external asset managers apply systematic engagement approaches. Zurich systematically collects information from its internal and external asset managers on engagement activities with portfolio companies (see SAM 02.2 for details), but currently does not formally require managers to engage.

Private equity (PE), property (PR) and infrastructure (INF)

Selection

SAM 09	Mandatory	Core Assessed	PRI 1-6
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SAM 09.1	In your manager selection process for the following assets, indicate whether your organisation and/or your investment consultant typically take any of the following actions.
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	General
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	PE		
Used the PRI's LP DDQ during discussions with managers as part of your selection process	<input type="checkbox"/>		
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, excluding PRI reporting	<input checked="" type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>		
Assign specific weighting to ESG factors in your manager evaluation, specify in 09.2	<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"/>		

SAM 09.3

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

Private equity (PE) fund manager selection is performed by a dedicated PE team and responsible investment practices are formally defined in the private equity investment process manual at the following process stages:

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

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

- How does the General Partner (GP) address ESG issues when analysing 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?
- Are 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)?

Following the standard private equity investment process, responsible investment practices are then evaluated by the private equity team and reviewed by the investment committee as a dedicated item.

Appointment

SAM 10	Voluntary	Additional Assessed	PRI 4
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SAM 10.1 When appointing managers, indicate which of the following responsible investment considerations your organisation typically includes in agreements/fund formation contracts for your non-listed assets:

General

	PE		
Acting in accordance with your organisation's overall investment beliefs on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Acting in accordance with your organisation's overall strategy on responsible investment and ESG issues	<input checked="" type="checkbox"/>		
Acting in accordance with your organisation's overall policy on responsible investment and ESG issues	<input type="checkbox"/>		
Other general RI considerations in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Specific requirements relating to how ESG issues are identified and managed in investment decision-making	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment selection in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Specific requirements relating to the manager supporting or influencing the underlying holdings' management of ESG factors	<input checked="" type="checkbox"/>		
Other RI considerations relating to investment monitoring in your agreements, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Reporting

	PE		
Reporting on the agreed ESG implementation activities	<input type="checkbox"/>		
Reporting on the ESG characteristics of the portfolio	<input checked="" type="checkbox"/>		
Reporting on company incidents relating to ESG issues	<input checked="" type="checkbox"/>		
Reporting on the impact of ESG issues on financial performance	<input type="checkbox"/>		
Other RI considerations relating to reporting in your agreements, specify	<input checked="" type="checkbox"/>		
None of the above	<input type="checkbox"/>		

SAM 10.2 Provide additional information relevant to your organisation's manager appointment process and considerations included in contractual agreements for non-listed assets.

In 2015 Zurich began to include specific requirements with respect to ESG in sideletters to its partnership agreements. The following wording serves as an internal template and is adapted on a case-by-case basis to take into account the individual nature of each investment. The language used does not represent a recommendation to any third party to use this or similar wording in IMAs:

1. Responsible Investing Statement of Policy. The General Partner acknowledges that it has read the 'Responsible Investing Statement of Policy' of Zurich Insurance Group, AG ('Zurich'), which is attached to this letter as Annex I. Zurich acknowledges that the General Partner's acknowledgement does not impose any obligations on behalf of the General Partner.

Annex I - Statement of Policy

The Investor's ultimate parent entity, Zurich Insurance Group, AG ('Zurich'), strives to manage its assets as a responsible investor and believes that responsible investing requires recognizing certain principles associated with environmental, social, and governance ('ESG') issues. Zurich believes that these principles are embodied in the United Nations Principles for Responsible Investing ('UNPRI'), to which Zurich is a signatory. Zurich believes that these initiatives will ultimately benefit our investors through the creation or manufacture of services or products in ways that minimize environmental impact, the promotion of reasonable treatment for all stakeholders, and ensuring appropriate governance. Zurich also believes that embracing ESG matters enhances the reputation of private equity, which will benefit the industry and our investors. Consequently, it is Zurich's policy to apply the UNPRI to its own investment practices, and Zurich will encourage those with whom it invests to adopt them as well.

As a limited partner in private equity funds, Zurich or its affiliates must delegate the responsibility for selection and management of individual investments to the general partners of the funds. Zurich recognizes that the

UNPRI are voluntary and do not preclude investment nor require divestment; however, it is Zurich's policy to engage its managers on these issues during due diligence and through subsequent monitoring. Zurich will periodically report on its efforts to gauge the effectiveness of its own efforts and those of its managers with the UNPRI.

2. ESG Dialogue. The General Partner hereby agrees to use commercially reasonable efforts to discuss environmental, social, and governance ('ESG') issues, risks and opportunities identified by the General Partner as material or otherwise deemed relevant by the General Partner at the level of the Partnership's portfolio companies on a periodic basis upon the request of the Investor.

3. ESG in the Investment Process. The General Partner shall use commercially reasonable efforts to assess relevant risks and opportunities prior to making investments for the Partnership and shall ensure that its investment process, systems and staff support the identification of ESG factors that may be material to any investment or otherwise deemed relevant by the General Partner.

Monitoring			
SAM 11	Mandatory	Core Assessed	PRI 1-6
SAM 11.1	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		
Include responsible investment as a standard agenda item at performance review meetings	<input checked="" type="checkbox"/>		
Highlight examples of good responsible investment practice by other managers	<input type="checkbox"/>		
Review manager's responsible investment reporting excluding PRI	<input type="checkbox"/>		
Review the manager's PRI Transparency or Assessment reports	<input type="checkbox"/>		
Encourage your managers to consider joining responsible investment initiatives or organisations or participate in collaborative projects with other investors	<input type="checkbox"/>		
Include responsible investment criteria as a formal component of overall manager performance evaluation	<input type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted financial performance	<input type="checkbox"/>		
Request information on whether your manager's approach to ESG issues has impacted ESG performance	<input type="checkbox"/>		
Other general aspects of your monitoring, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment selection (pre-investment) of underlying holding

	PE		
Discuss how the analysis of ESG issues affected investment decisions during the reporting period	<input checked="" type="checkbox"/>		
Other ways ESG issues are incorporated in the pre-investment process, specify	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>		

Investment monitoring (post-investment) of underlying holding

	PE		
Request reports on the ESG characteristics of the manager's underlying holdings and discuss related developments that may impact holdings in the fund	<input type="checkbox"/>		
Request examples of ESG issues identified within the portfolio and action taken in response	<input type="checkbox"/>		
Request details of how ESG factors were considered when preparing to exit from investments	<input type="checkbox"/>		
Other ways ESG issues are monitored in the post-investment process, specify	<input type="checkbox"/>		
None of the above	<input checked="" type="checkbox"/>		

SAM 11.2	Provide additional information relevant to your organisation's dialogue and monitoring of external managers. [Optional]
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Zurich has started to more systematically engage existing fund managers in structured discussions about ESG issues and expects to further formalize the review process over the course of 2016.

Outputs and outcomes

SAM 12	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1-6
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SAM 12.1	Indicate approximately what percentage (+/- 5%) of your externally managed assets are managed by PRI signatories.
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	%
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98

SAM 13	Voluntary	Descriptive	PRI 2
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SAM 13.1	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 an equity mandate
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Private equity
Scope and process	Zurich conducted an RFP for a listed equity mandate in Australia.
Outcomes	The assessment of ESG integration practices through the RFP process revealed a gap between international and local managers. Despite assigning an explicit 5 percent weight to the ESG section in the evaluation of the RFP, not all managers with strong ESG practices advanced to the due diligence stage. Due diligence revealed very strong ESG integration practices at the manager eventually selected, in contrast to the result of the RFP.

Add Example 2

Topic or issue	Investment Management Agreements
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input checked="" type="checkbox"/> All asset classes <input type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Private equity
Scope and process	Zurich has begun working to update a large number of IMAs with an existing asset manager to include ESG language.
Outcomes	Language was agreed with the manager, but agreements had not been enacted by the end of 2015.

Add Example 3

Topic or issue	Performance review of a fixed income portfolio (Canada)
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 – SSA <input checked="" type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Private equity
Scope and process	ESG performance of a portfolio of Canadian financial fixed income securities was discussed with the asset manager.
Outcomes	The asset manager provided a number of examples, including some pertaining to consumer protection and governance. The manager argued convincingly that those issues in the specific context of the securities discussed were not material.

Add Example 4

Topic or issue	Performance review of an equity portfolio (Japan)
Conducted by	<input checked="" type="checkbox"/> Internal staff
Asset class	<input type="checkbox"/> All asset classes <input checked="" type="checkbox"/> Listed Equity <input type="checkbox"/> Fixed income – SSA <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Private equity
Scope and process	ESG performance of a portfolio of Japanese equities was discussed with the asset manager.
Outcomes	The asset manager provided a number of examples, including an underweight position in a major Japanese company due to concerns about governance. The manager also gave examples of how environmental and social issues were assessed for specific investments.

Add Example 5

Topic or issue	Performance review of fixed income portfolio (USA)
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 – SSA <input checked="" type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Fixed income – corporate (financial) <input type="checkbox"/> Private equity
Scope and process	ESG performance review of a portfolio of US non-financial fixed income securities.
Outcomes	The asset manager discussed a number of examples, including a position in a U.S. healthcare company that was not increased as a result of information received from the manager's ESG team.

SAM 13.2 Additional information.

In 2015, Zurich formally reviewed ESG performance of externally managed securities portfolios in 18 performance review meetings, covering 75 percent of in-scope assets.

Communication

SAM 14 **Mandatory** **Core Assessed** **PRI 6**

SAM 14.1 Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.

Yes, we disclose information publicly

provide URL

<https://www.zurich.com/ /media/dbe/corporate/docs/corporate-responsibility/responsible-investment-at-zurich-december-2014.pdf?la=en>

SAM 14.2 Indicate if the level of information you disclose to the public is the same as that disclosed to clients and/or beneficiaries.

Yes

SAM 14.3

Indicate what type of information your organisation proactively discloses to the public and clients and/or beneficiaries about your indirect investments.

- How responsible investment considerations are included in manager selection, appointment and monitoring processes
 - Details of the responsible investment activities carried out by managers on your behalf
 - E, S and/or G impacts and outcomes that have resulted from your managers' investments and active ownership
 - Other, specify
- No
- 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	General
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LEI 01.1 Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

Percentage of internally managed listed equities

	Passive
14	
	Active - quantitative (quant)
0	
	Active - fundamental and active - other
86	
	Total
100%	

ESG incorporation in actively managed listed equities

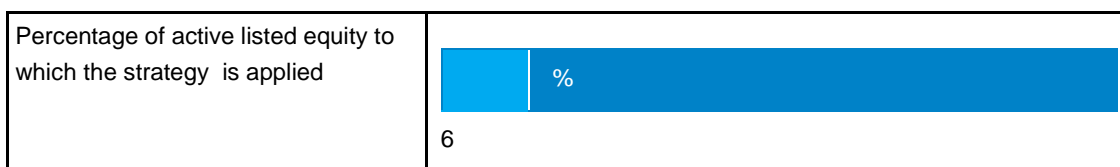
Implementation processes

LEI 03	Mandatory	Gateway	PRI 1
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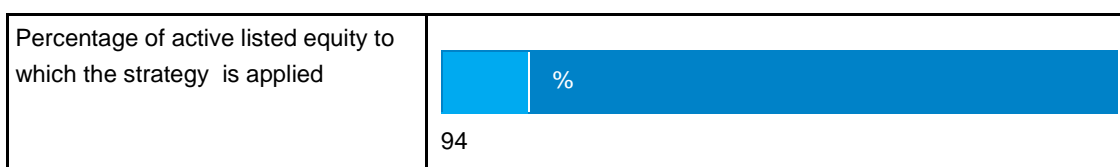
LEI 03.1 Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

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

Total actively managed listed equities

100%

LEI 03.2 Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

Please refer to the additional information provided below in LEI 03.4 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 OO 12.4 for a description of the type of equity mandates in scope of ESG integration.

LEI 03.4 Additional information. [Optional]

ESG factors do have an impact on the risks and opportunities associated with the assets in which we invest. As a consequence, we believe that proactively including ESG factors in the investment process - across asset classes, and alongside traditional financial metrics and state-of-the-art risk management practices - will support us in our mission to achieve superior risk-adjusted long-term financial returns.

As described in SG 11.3, the starting point in determining Zurich's investment strategy is an integrated process used to define the strategic asset allocation according to ALM principles. This allocation is the result of a disciplined process that distills all investable asset classes into a set of six easily-understandable and transparent systematic market risk factors: risk factors that cannot be diversified and exposure to which the market can thus be expected to reward with a risk premium. We have so far found no evidence that ESG issues, such as climate change, are associated with a systematic market-risk factor and premium that could be reflected in the ALM and strategic asset allocation processes. Based on this, Zurich believes that ESG issues are best reflected at the level of selection of individual securities or assets. This approach is different from 'thematic' allocations, for instance, to so-called impact investments, within a certain asset class - i.e., for a given risk-return profile. Our approach to allocate to thematic investments through impact investing is described in SG 13.4.

Since ESG factors have an impact on the risk and return associated with underlying assets, including ESG in the asset management process should heighten asset managers' awareness of the risks and opportunities associated with these factors when making security or asset selection decisions. It should also encourage conscious choices around exposures to ESG-related issues. As an integral part of managing assets for Zurich, all its asset managers must include the following four basic requirements in their investment approach:

1. Training

A large number of ESG factors can potentially affect risk and return. The channels through which they affect risk and return are at times complex, and vary from sector to sector. It is important that portfolio managers receive adequate and regular training to help them understand the economic importance of ESG, especially as ESG has only recently - and partially - been included in business school, finance or chartered financial analyst (CFA) curriculums.

2. Access to information

To reflect ESG issues in investment decisions, portfolio managers need access to relevant information in the form of ESG analysis, ratings, and data. This can be supplied by specialised external providers, dedicated in-house teams, or broker research.

3. Investment process

A clear understanding is needed about the process by which ESG considerations are reflected in decisions to buy/sell, or overweight/underweight a certain security or asset. This process should be documented and consistently applied.

4. Active ownership

Asset managers are expected to actively execute proxy votes based on best-practice policies addressing ESG issues, and to integrate relevant ESG issues in discussions with investee companies, either as part of regular company meetings, or through separate channels.

The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. In a few instances in-house asset management teams also manage specific funds that form part of insurance products offered directly to clients. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team. However, while some best practices may not be applicable under all circumstances, minimum standards related to the four basic requirements of ESG integration listed here have been established in 2014 and apply across all teams. By the end of 2015, the implementation of minimum standards had made substantial progress, but had not been fully completed by all teams.

1. Training

Minimum standard:

- Responsible investment competency assigned to asset management team
- Training modules covering assigned competency levels completed successfully

Best practice:

- Additional relevant training through seminars, webinars, etc.
- Review of selected academic research; responsible investment publications; etc.

2. Access to information

Minimum standard:

- Access to MSCI ESG manager platform for all portfolio managers and investment analysts

Best practice:

- Use of ESG data from other data providers, such as Bloomberg, etc.
- Use of ESG research and analysis provided by brokers
- Encouraging brokers to reflect ESG issues in research and analysis

3. Investment process

Minimum standard

- Review of ESG research before making security selection decisions
- Other things being equal, preference for issuers with superior ESG performance
- Integration of ESG risk exposure and exposure to controversial business practices in reporting to the local ALM investment committee (ALMIC)
- Discussion of ESG risks and opportunities at investment team meetings

Best practice

- Integration of ESG factors into bottom-up equity or credit investment research*
- Integration of ESG factors into industry sector analysis*
- ESG analytics at a portfolio level

(*Only few Zurich teams conduct bottom-up research in-house.)

4. Active ownership

Minimum standard

- Active execution of voting rights (not yet implemented)
- Review of ESG research before interacting with investee company management (investor meetings or calls, etc.) and discussion of relevant ESG issues
- Use of PRI clearinghouse platform in engagement activities (not yet implemented)

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	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
- Screened stock list

Indicate who provides this information

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

LEI 04.2	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 with 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 those associated with 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 managing corporate responsibility risks in business transactions that involve corporate customers (see LEI 03.4 and LEI 06.2 for additional details).

LEI 04.3	Indicate if you incentivise brokers to provide ESG research.
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Yes

LEI 04.4	Describe how you incentivise brokers.
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In 2014, Zurich conducted two campaigns addressed to several dozen brokers, asking them to integrate ESG into their analysis and research products.

No

(A) Implementation: Screening

LEI 06.1	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 06.2.

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

LEI 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.
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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. General Insurance and Life segments have in place a corporate responsibility decision group to assess sensitive or complex corporate responsibility risks and provide direction on appropriate mitigation actions. The outcome of the risk assessment and risk mitigation efforts is tracked and analyzed and management receives information on the results and effectiveness of managing corporate responsibility risks in business transactions. 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.

If a decision is made to exclude, 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 weapons banned by the UN (cluster munitions and anti-personnel 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.

LEI 07	Mandatory	Core Assessed	PRI 1
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LEI 07.1	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

LEI 07.2	Additional information. [Optional]
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Please refer to the process described in LEI 06.2 for details.

LEI 08	Voluntary	Additional Assessed	PRI 1
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LEI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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- Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- 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

LEI 08.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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In cases where guidelines are breached, the local investment team will discuss the breach with the asset manager, determine adequate remediation on a case-by-case basis (including the reversal of transactions or granting of waivers), and inform the investment committee of the breach and action taken.

LEI 08.3

Additional information.

External and internal asset managers receive a monthly restricted list containing information on companies nearing or breaching counterparty credit risk limits on a Group level as well as blacklisted names from the process explained in LEI 06.2. Occasional checks of the blacklisted names against Group holdings are performed in line with a process managing other types of guideline breaches.

(C) Implementation: Integration of ESG issues

LEI 10

Mandatory

Core Assessed

PRI 1

LEI 10.1

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	Environmental	<div style="background-color: #0070C0; color: white; padding: 2px;">Environmental</div> <ul style="list-style-type: none"> <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	Social	<div style="background-color: #0070C0; color: white; padding: 2px;">Social</div> <ul style="list-style-type: none"> <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	Corporate Governance	<div style="background-color: #0070C0; color: white; padding: 2px;">Corporate Governance</div> <ul style="list-style-type: none"> <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 10.2	Additional information. [Optional]
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Zurich does not generally conduct in-house equity research and interprets this question as relating to the overall analysis process, including the review of external research, leading up to security selection decisions. Please refer to LEI 03.4 for details about the minimum standards for ESG integration in the security selection process. Currently many, but not yet all, teams apply Zurich's systematic ESG integration process as described in LEI 03.4.

LEI 11	Voluntary	Additional Assessed	PRI 1
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LEI 11.1	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
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Other, specify
- None of the above

LEI 11.2	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
- None of the above

LEI 11.3	Additional information.
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Zurich sources third-party ESG data and research, which is available to all 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 and other sources. Zurich does not conduct in-house equity research. In addition, ESG ratings and other key ESG information are integrated into Investment Management's global investment data warehouse (GIDW).

LEI 12	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 1
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LEI 12.1

Indicate into which aspects of investment analysis you integrate ESG information.

- (Macro) economic analysis
 - Systematically
 - Occasionally
- Industry analysis
 - Systematically
 - Occasionally
- Analysis of operational management
 - Systematically
 - Occasionally
- Analysis of company strategy
 - Systematically
 - Occasionally
- Portfolio construction
 - Systematically
 - Occasionally

LEI 12.2a

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.

- 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
The portfolio manager will make a subjective adjustment

LEI 12.3

Describe how you integrate ESG information into portfolio construction

Approaches applied by selected teams include:

- Assessment of weighted ESG ratings relative to benchmark
- Use of ESG rating to prioritise and reduce the investment universe

LEI 12.4a

Describe the methods you have used to adjust the income forecast / valuation tool

The portfolio manager will make a subjective adjustment

- Fair value/fundamental analysis
- Other, specify

LEI 12.5

Additional information.

The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team.

In answering LEI 12.1, the second option was selected if a respective process is applied by at least one team. The first option was selected if a respective process is applied by a majority of teams, or all major teams.

See LEI 03.4 for details about minimum standards for ESG integration applied across teams.

ESG incorporation in passively managed listed equities

LEI 13

Mandatory to Report Voluntary to Disclose

Descriptive

PRI 1

LEI 13.1

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

- Yes
- No

Outputs and outcomes

LEI 14

Voluntary

Descriptive

PRI 1

LEI 14.1

Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

- Screening
- Integration of ESG issues

Select which of these effects followed your ESG integration:

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Other, specify
Position sizing
- None of the above

LEI 14.2	Additional information.
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The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team.

In answering LEI 14.1, options were selected if applied systematically at least by one team.

See LEI 03.4 for details about minimum standards for ESG integration applied across teams.

LEI 15	Voluntary	Additional Assessed	PRI 1
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LEI 15.1	Indicate whether your organisation measures how your approach to ESG issues in listed equity investments has affected financial and/or ESG performance.
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- We measure whether our approach to ESG issues impacts funds' reputation
- We measure whether our approach to ESG issues impacts funds' financial performance: return
- We measure whether our approach to ESG issues impacts funds' financial performance: risk
- We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Describe the impact	Which strategies were analysed?
Funds' ESG performance	<input type="radio"/> Positive <input type="radio"/> Negative <input checked="" type="radio"/> No impact	<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration

- None of the above

LEI 15.2	Describe how you are able to determine these outcomes.
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By comparing the average weighted ESG rating of the portfolio with that of the benchmark.

LEI 15.3	Additional information.
-----------------	-------------------------

The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team.

In answering LEI 15.1, options were selected if applied systematically at least by one team.

See LEI 03.4 for details about minimum standards for ESG integration applied across teams.

LEI 16	Voluntary	Descriptive	PRI 1
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LEI 16.1

Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

ESG issue 1

ESG issue and explanation
Holding of investment in railway company deriving revenue from transportation of coal
ESG incorporation strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
Progressively reduce holding based on negative outlook for coal-based revenues

ESG issue 2

ESG issue and explanation
Italian industrial group with poor corporate governance practices
ESG incorporation strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
Maintained underweight position as a result of governance assessment

ESG issue 3

ESG issue and explanation
Bank holding with controversial governance practices
ESG incorporation strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
Instated underweight position as a result of governance assessment

ESG issue 4

ESG issue and explanation
Governance scandal at auto company
ESG incorporation strategy applied
<input type="checkbox"/> Screening <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Combination of ESG incorporation strategies
Impact on investment decision or performance
Sold positions due to expected further downside

ESG issue 5

LEI 16.2	Additional information.
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The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team.

The examples provided in LEI 16.1 apply to specific portfolios managed by different teams and reflect different investment approaches.

See LEI 03.4 for details about minimum standards for ESG integration applied across teams.

Communication

LEI 17

Mandatory

Core Assessed

PRI 2,6

LEI 17.1

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

- We disclose it publicly

Provide URL

<https://www.zurich.com/ /media/dbe/corporate/docs/corporate-responsibility/responsible-investment-at-zurich-december-2014.pdf?la=en>

LEI 17.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEI 17.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
 Detailed explanation of ESG incorporation strategy used

LEI 17.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 Biannually
 Annually
 Less frequently than annually
 Ad-hoc/when requested
- No
- 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

General

FI 01.1

Provide a breakdown of your internally managed fixed income securities by active and passive strategies

SSA	<table border="1"> <tbody> <tr> <td data-bbox="480 224 608 286">Passive</td> <td data-bbox="608 224 1476 286"></td> </tr> <tr> <td data-bbox="480 297 501 327">0</td> <td data-bbox="480 297 1476 327"></td> </tr> <tr> <td data-bbox="480 367 608 430">Active - quantitative (quant)</td> <td data-bbox="608 367 1476 430"></td> </tr> <tr> <td data-bbox="480 441 501 470">0</td> <td data-bbox="480 441 1476 470"></td> </tr> <tr> <td data-bbox="480 510 608 573">Active - fundamental and active - other</td> <td data-bbox="608 510 1476 573"></td> </tr> <tr> <td data-bbox="480 584 528 613">100</td> <td data-bbox="480 584 1476 613"></td> </tr> <tr> <td data-bbox="480 654 608 716">Total</td> <td data-bbox="608 654 1476 716"></td> </tr> <tr> <td data-bbox="480 728 549 757">100%</td> <td data-bbox="480 728 1476 757"></td> </tr> </tbody> </table>	Passive		0		Active - quantitative (quant)		0		Active - fundamental and active - other		100		Total		100%	
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Corporate (non-financial)	<table border="1"> <tbody> <tr> <td data-bbox="480 1402 608 1464">Passive</td> <td data-bbox="608 1402 1476 1464"></td> </tr> <tr> <td data-bbox="480 1476 501 1505">5</td> <td data-bbox="480 1476 1476 1505"></td> </tr> <tr> <td data-bbox="480 1545 608 1608">Active - quantitative (quant)</td> <td data-bbox="608 1545 1476 1608"></td> </tr> <tr> <td data-bbox="480 1619 501 1648">0</td> <td data-bbox="480 1619 1476 1648"></td> </tr> <tr> <td data-bbox="480 1688 608 1751">Active - fundamental and active - other</td> <td data-bbox="608 1688 1476 1751"></td> </tr> <tr> <td data-bbox="480 1762 512 1792">95</td> <td data-bbox="480 1762 1476 1792"></td> </tr> <tr> <td data-bbox="480 1832 608 1895">Total</td> <td data-bbox="608 1832 1476 1895"></td> </tr> <tr> <td data-bbox="480 1906 549 1935">100%</td> <td data-bbox="480 1906 1476 1935"></td> </tr> </tbody> </table>	Passive		5		Active - quantitative (quant)		0		Active - fundamental and active - other		95		Total		100%	
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FI 01.2	Additional information. [Optional]
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Note that SSA securities are not in scope of Zurich's ESG integration approach (see OO 12.4 for rationale and details) and references made to SSA in this section refer to Zurich's dedicated green bond mandate (see also SG 13).

FI 03	Mandatory to Report Voluntary to Disclose	Descriptive	General
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FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, between developed markets and emerging markets.
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SSA	Developed markets	90
	Emerging markets	10
	Total	100%

FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments between investment grade or high-yield securities.
----------------	--

Corporate (financial)	High-yield	6
	Investment grade	94
	Total	100%
Corporate (non-financial)	High-yield	4
	Investment grade	96
	Total	100%

FI 03.3 Additional information. [Optional]

Note that SSA securities are not in scope of Zurich's ESG integration approach (see OO 12.4 for rationale and details) and references made to SSA in this section refer to Zurich's dedicated SSA green bond mandate (see also SG 13).

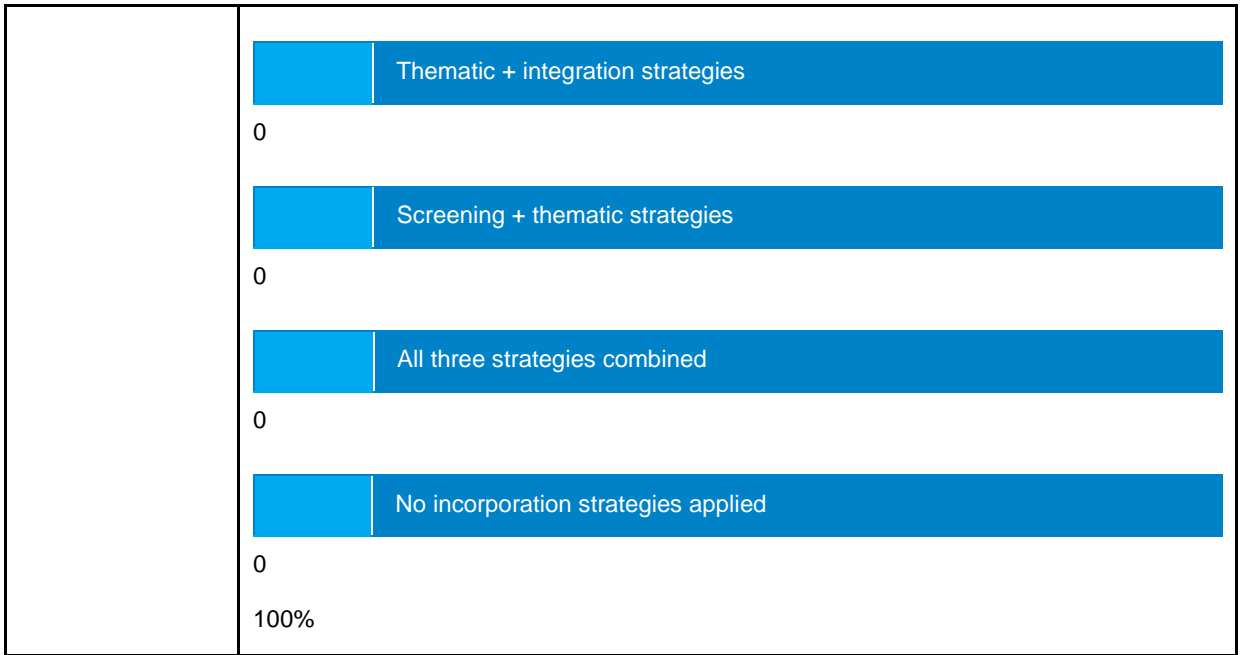
ESG incorporation in actively managed fixed income

Implementation processes

FI 04	Mandatory	Gateway	PRI 1
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FI 04.1	Indicate 1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and 2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.
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SSA	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>0</td> </tr> <tr> <td>Thematic alone</td> <td>2</td> </tr> <tr> <td>Integration alone</td> <td>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>0</td> </tr> <tr> <td>Thematic + integration strategies</td> <td>0</td> </tr> <tr> <td>Screening + thematic strategies</td> <td>0</td> </tr> <tr> <td>All three strategies combined</td> <td>0</td> </tr> <tr> <td>No incorporation strategies applied</td> <td>98</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	2	Integration alone	0	Screening + integration strategies	0	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	98	Total	100%
Strategy	Percentage																				
Screening alone	0																				
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All three strategies combined	0																				
No incorporation strategies applied	98																				
Total	100%																				
Corporate (financial)	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>25</td> </tr> <tr> <td>Thematic alone</td> <td>0</td> </tr> <tr> <td>Integration alone</td> <td>0</td> </tr> <tr> <td>Screening + integration strategies</td> <td>75</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	25	Thematic alone	0	Integration alone	0	Screening + integration strategies	75	Total	100%								
Strategy	Percentage																				
Screening alone	25																				
Thematic alone	0																				
Integration alone	0																				
Screening + integration strategies	75																				
Total	100%																				



Corporate (non-financial)	Screening alone	11
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	89
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
	100%	

FI 04.2 Describe your primary reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Please refer to the additional information provided in FI 04.3 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
- Thematic: impact investments (see SG 13 for details)

Screening applies to all direct corporate bond investments. Refer to OO 12.4 for a description of the type of fixed income mandates in scope of ESG integration.

ESG factors do have an impact on the risks and opportunities associated with the assets in which we invest. As a consequence, we believe that proactively including ESG factors in the investment process - across asset classes, and alongside traditional financial metrics and state-of-the-art risk management practices - will support us in our mission to achieve superior risk-adjusted long-term financial returns.

As described in SG 11.3, the starting point in determining Zurich's investment strategy is an integrated process used to define the strategic asset allocation according to ALM principles. This allocation is the result of a disciplined process that distills all investable asset classes into a set of six easily-understandable and transparent systematic market risk factors: risk factors that cannot be diversified and exposure to which the market can thus be expected to reward with a risk premium. We have so far found no evidence that ESG issues, such as climate change, are associated with a systematic market-risk factor and premium that could be reflected in the ALM and strategic asset allocation processes. Based on this, Zurich believes that ESG issues are best reflected at the level of selection of individual securities or assets. This approach is different from 'thematic' allocations, for instance, to so-called impact investments, within a certain asset class - i.e., for a given risk-return profile. Our approach to allocate to thematic investments through impact investing is described in SG 13.4.

Since ESG factors have an impact on the risk and return associated with underlying assets, including ESG in the asset management process should heighten asset managers' awareness of the risks and opportunities associated with these factors when making security or asset selection decisions. It should also encourage conscious choices around exposures to ESG-related issues. As an integral part of managing assets for Zurich, all of its asset managers must include the following four basic requirements in their investment approach:

1. Training

A large number of ESG factors can potentially affect risk and return. The channels through which they affect risk and return are at times complex, and vary from sector to sector. It is important that portfolio managers receive adequate and regular training to help them understand the economic importance of ESG, especially as ESG has only recently - and partially - been included in business school, finance or chartered financial analyst (CFA) curriculums.

2. Access to information

To reflect ESG issues in investment decisions, portfolio managers need access to relevant information in the form of ESG analysis, ratings, and data. This can be supplied by specialized external providers, dedicated in-house teams, or broker research.

3. Investment process

A clear understanding is needed about the process by which ESG considerations are reflected in decisions to buy/sell, or overweight/underweight a certain security or asset. This process should be documented and consistently applied.

4. Active ownership

Asset managers are expected to actively execute proxy votes based on best-practice policies addressing ESG issues, and to integrate relevant ESG issues in discussions with investee companies, either as part of regular company meetings, or through separate channels.

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.

FI 05	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 1
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FI 05.1	Indicate which ESG factors you systematically research as part of your ESG analysis on issuers.
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Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
Environmental data	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Social data	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Governance data	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

FI 05.2 Indicate what format your ESG information comes in and where you typically source it

- Raw ESG company data

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- ESG factor specific analysis

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- Issuer-level ESG analysis

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- Sector-level ESG analysis

Indicate who provides this information

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – FI analyst, PM or risk team
- Other, specify
- Country-level ESG analysis

FI 05.3	Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.
----------------	---

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. (See FI 14.1 for further details on the ESG integration process.)

FI 05.4	Additional information. [Optional]
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Note that SSA securities are not in scope of Zurich's ESG integration approach (see OO 12.4 for rationale and details) and references made to SSA in this section refer to Zurich's dedicated SSA green bond mandate (see SG 13 for details).

FI 06	Mandatory	Additional Assessed	PRI 1
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FI 06.1	Indicate how you ensure that your ESG research process is robust:
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- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits of ESG research are undertaken in a systematic way
- ESG analysis is benchmarked for quality against other providers
- Other, specify

	specify description
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See FI 14.1 for further details.

- None of the above

FI 06.2	Describe how your ESG information or analysis is shared among your investment team.
----------------	---

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is a standard item on all individual issuer summaries, 'tear sheets', 'dashboards' or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify

See FI 14.1 for further details.

None of the above

(A) Implementation: Screening

FI 07	Mandatory	Gateway	PRI 1
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FI 07.1 Indicate the type of screening you conduct.

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
Negative/exclusionary screening	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Positive/best-in-class screening	<input type="checkbox"/>	<input type="checkbox"/>	
Norms-based screening	<input type="checkbox"/>	<input type="checkbox"/>	

FI 07.2 Describe the type of screening you apply to your internally managed active fixed income

The screen applied currently comprises producers of UN-sanctioned weapons (banned cluster munitions and anti-personal landmines). See FI 08.2 and FI 08.3 for further details.

FI 08	Mandatory	Descriptive	PRI 1
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Corporate (financial)

Corporate (fin)

- For legal reasons
- For non-legal reasons

Corporate (non-financial)

Corporate (non-fin)

- For legal reasons
- For non-legal reasons

FI 08.2	Describe your approach to ESG-based negative screening of certain issuers from your investable universe.
----------------	--

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. General Insurance and Life segments have in place a Corporate Responsibility Decision Group to assess sensitive or complex corporate responsibility risks and provide direction on appropriate mitigation actions. The outcome of the risk assessment and risk mitigation efforts is tracked and analyzed and management receives information on the results and effectiveness of managing corporate responsibility risks in business transactions. 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.

FI 08.3	Additional information. [Optional]
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If a decision is made to exclude, 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 09	Voluntary	Additional Assessed	PRI 1
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FI 09.1	Provide examples of how ESG factors are included in your screening criteria.
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Example 1

Type of fixed income
<input checked="" type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
Description of how ESG factors are used as the screening criteria
<p>Zurich applies a banned-weapons (cluster munitions and anti-personal landmines) screen to its investment universe. See FI 08.2 and FI 08.3 for details.</p>

Example 2

Type of fixed income
<input checked="" type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG factors
<input type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Governance
Screening
<input checked="" type="checkbox"/> Negative/ exclusionary
Description of how ESG factors are used as the screening criteria
<p>Concerns about labour conditions at construction sites in certain Middle Eastern countries were raised through Zurich's corporate responsibility in business transactions process and reviewed by the General Insurance corporate responsibility decision group. Engagement was conducted and mitigating actions identified. The decision group decided not to recommend exclusion.</p>

- Example 3
- Example 4
- Example 5

FI 10	Mandatory	Core Assessed	PRI 1
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FI 10.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.
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Type of screening	Checks	
Negative/exclusionary screening	Negative/exclusionary screening	<input checked="" type="checkbox"/> Checks are performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> Data used for the screening criteria is updated at least every 2 years <input type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input type="checkbox"/> Audits of fund holdings are undertaken regularly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above

FI 10.2	Additional information. [Optional]
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External and internal asset managers receive a monthly restricted list containing information on companies nearing or breaching counterparty credit risk limits on a Group level as well as blacklisted names from the process explained in FI 08.2 and FI 08.3. Occasional checks of the blacklisted names against Group holdings are performed in line with a process managing other types of guideline breach.

(B) Implementation: Thematic

FI 11	Mandatory to Report Voluntary to Disclose	Descriptive	PRI 1
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FI 11.1	Indicate the type of sustainability thematic funds or mandates that your organisation manages.
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- Environmentally themed funds

FI 11.2	Indicate whether you invest in 'green' or 'climate' bonds
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- Yes
- No

FI 11.3	Indicate whether you apply criteria (your own or those of a third party) to decide whether a bond can be considered a 'green' bond.
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- Yes
- No

FI 11.4	Describe your organisation's approach to all sustainability-themed fixed income investing and the criteria you apply to determine whether a bond can be considered for a thematic fund, mandate or similar.
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Zurich has committed to invest up to USD 2 billion in green bonds. In our view, the unique characteristic of green bonds is the pre-defined use of proceeds according to criteria to which issuers commit, clearly linking the investment to specific projects that allow the bond issuer to report a result or impact. The market for green bonds has been developing rapidly since broadening from the traditional issuer base of supranational institutions in 2014. Green bonds can take many forms: standard recourse-to-the-issuer debt obligations, revenue bonds, asset-backed securities, project bonds, etc., and are issued by supranational institutions, state agencies, corporates, and municipalities. Through its commitment to this market, Zurich is seeking to capture opportunities across the universe of green bonds.

Impact objectives

- Helping communities to protect the environment and mitigate or adapt to climate change.
- Supporting the development and spread of environmentally-friendly technologies.
- Helping communities to become more resilient in the face of environmental challenges.

While many green bonds are focused on issues around climate change, Zurich will also consider investing in green bonds that provide financing to other projects that offer benefits to the environment, such as sustainable water use, waste management, biodiversity, etc.

Structure

To capture the breadth of credit instruments and issuers represented in the green bond market, Zurich has defined two separate but complementary approaches for investing in green bonds.

1. Dedicated green bond mandate for supranational green bonds issued in U.S. dollars:

Assets with minimum credit risk, such as those issued (or explicitly guaranteed) by national governments or supranational institutions, form a very significant part of Zurich's asset allocation. In line with our established approach to define portfolios along credit sector- and currency lines, Zurich has carved-out a dedicated green bond mandate to invest in U.S. dollar- denominated green bonds by such issuers on its North-American balance sheet. This mandate is managed by an external asset manager, BlackRock, according to portfolio guidelines, and will be funded with up to USD 1 billion.

2. Integrating green bonds in existing fixed-income portfolios:

Beyond the dedicated mandate just described, Zurich has chosen to capture other credit sectors, issuers and currencies through a different approach. Rather than creating multiple green bond portfolios reflecting different credit sectors and currencies, or cross-currency, cross-credit- sector portfolios that would not fit Zurich's established approach to credit investing, an internal green bond expert was appointed to coordinate and facilitate green bond investments across Zurich's many existing balance sheets, portfolios and asset managers. In this way, Zurich expects to invest up to an additional USD 1 billion in green bonds over time.

Principles

Zurich supports the International Capital Market Association's (ICMA) Green Bond Principles. To evaluate green bond investments, supplementing the ICMA's principles and in addition to economic considerations, Zurich applies the following criteria:

1. A transparent process is needed to administer proceeds and ring- fence funds

- The issuer must have a clear and transparent framework to allocate the funds raised through a green bond issue to the underlying projects. Categories of eligible projects must be clearly defined.
- The proceeds from green bonds should be held in a separate account or be otherwise tracked.
- So-called 'second opinions' on these processes provided by third parties are welcome and encouraged, but are not an absolute requirement if the issuer publically provides complete and transparent information.
- While Zurich may invest in bonds issued by companies whose whole portfolio of activities could be considered green, in the absence of a clear use-of-proceeds provision and impact reporting, we will not deem such bonds 'green bonds.'

2. The issuer must be committed to impact reporting

- A complete list of projects receiving funding from green bonds must be made available to investors once proceeds are disbursed. Where confidentiality requirements limit the amount of details that can be made public, generic descriptions are acceptable.
- Issuers must be committed to making good-faith efforts over time to report on the positive environmental impact of the projects. Zurich is fully aware of the challenges and limitations of impact reporting and it is understood that quantitative performance measures may not always be readily available. Zurich expects issuers to report at least one relevant metric per category of projects funded, even if the metric cannot be established for the complete portfolio of projects.
- Zurich welcomes independent third- party verification of impact metrics, but does not require it.

3. Incremental benefits are better than no progress at all

- Zurich acknowledges that not all activities with environmental benefits are considered equally 'green' by various stakeholders, and that full agreement on the net environmental benefits is not always possible, particularly if taking a full life-cycle view. In general, Zurich believes that incremental environmental benefits are better than the absence of progress, and sees green bonds as a good instrument to engage issuers with less-than-perfect environmental credentials.
- Zurich believes that, over time, impact reporting is the right instrument to assess the relative environmental benefits of underlying activities.
- As the green bond market grows and develops, investors - including Zurich- will learn more about the environmental benefits of different activities. Zurich will carefully evaluate the intended use of proceeds of each green bond and, on a case-by-case basis, assess the expected environmental benefits of specific project categories based on additional review.

Engagement

Zurich is a member of the executive committee that governs the ICMA's Green Bond Principles. It is also a member of formal and informal working groups that play an active role in helping to develop the green bond market. Its activities reflect Zurich's particular interest in engaging other market participants in active dialogue on topics related to impact reporting.

- Socially themed funds
- Combination of themes

FI 11.5	Additional information [OPTIONAL]
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See SG 13.4 for further details on Zurich's impact investing approach.

FI 12	Mandatory	Core Assessed	PRI 1
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FI 12.1	Indicate whether you encourage transparency and disclosure relating to the issuance of themed bonds as per the Green Bonds Principles:
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- We require that themed bond proceeds are only allocated to environmentally or socially beneficial projects
- We require the issuer (or 3rd party assurer) to demonstrate a process which determines the eligibility of projects to which themed bond proceeds are allocated
- We require issuers to demonstrate a systematic and transparent process of disbursing themed bond proceeds to eligible projects until all funds are allocated
- We require issuers to report at least once per year on the projects to which proceeds have been allocated including a description of those projects
- Other, specify
- None of the above

FI 12.2	Describe the actions you take when issuers do not disburse bond proceeds as described in the offering documents.
----------------	--

Zurich monitors all available reporting and seeks to actively engage with the issuers of green bonds held in the portfolio. Over the course of 2015 Zurich held discussions directly with most issuers represented in the portfolio, focusing on use of proceeds, impact reporting and other aspects of their green bonds. So far, Zurich has not come across an issuer disbursing proceeds in a way that was not aligned with stated intentions.

FI 13	Mandatory	Additional Assessed	PRI 1
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FI 13.1	Indicate how you assess the environmental or social impact of your thematic investments
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- We require issuers to report at least once per year on specific environmental or social impacts resulting from our themed investments
- We ensure independent audits are conducted on the environmental or social impact of our investments
- We have a proprietary system to measure environmental and social impact
- We measure the impact of our themed bond investments on specific ESG factors such as carbon emissions or human rights
- Other, specify
- None of the above

FI 13.2	Additional information. [Optional]
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Currently, portfolio-level impact measurement is only conducted for Zurich's dedicated SSA green bond portfolio. See FI 11.4 for further details on impact reporting for green bonds.

(C) Implementation: Integration

FI 14	Mandatory	Descriptive	PRI 1
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FI 14.1	Describe your approach to integrating ESG into traditional financial analysis.
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The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. In a few instances in-house asset management teams also manage specific funds that form part of insurance products offered directly to clients. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team. However, while some best practices may not be applicable under all circumstances, minimum standards related to the four basic requirements of ESG integration (see FI 04.3 for details) have been established in 2014 and apply across all teams. By the end of 2015 the implementation of minimum standards has progressed substantially, but has not been completed fully by all teams.

1. Training

Minimum standard:

- Responsible investment competency assigned to asset management team
- Training modules covering assigned competency levels completed successfully

Best practice:

- Additional relevant training through seminars, webinars, etc.
- Review of selected academic research; responsible investment publications; etc.

2. Access to information

Minimum standard:

- Access to MSCI ESG manager platform for all portfolio managers and investment analysts

Best practice:

- Use of ESG data from other data providers, such as Bloomberg, etc.
- Use of ESG research and analysis provided by brokers
- Encouraging brokers to reflect ESG issues in research and analysis

3. Investment process

Minimum standard

- Review of ESG research before making security selection decisions
- Other things being equal, preference for issuers with superior ESG performance
- Integration of ESG risk exposure and exposure to controversial business practices in reporting to the local ALM investment committee (ALMIC)
- Discussion of ESG risks and opportunities at investment team meetings

Best practice

- Integration of ESG factors into bottom-up equity or credit investment research*

- Integration of ESG factors into industry sector analysis*
- ESG analytics at a portfolio level

(*Only a few Zurich teams conduct bottom-up research in-house.)

4. Active ownership

Minimum standard

- Review of ESG research before interacting with investee company management (investor meetings or calls, etc.) and discussion of relevant ESG issues
- Use of PRI clearinghouse platform in engagement activities (not yet implemented)

Corporate (financial)

The approach described above in FI 14.1 applies uniformly to financial and non-financial corporate bonds.

Corporate (non-financial)

The approach described above in FI 14.1 applies uniformly to financial and non-financial corporate bonds.

FI 15	Mandatory	Core Assessed	PRI 1
FI 15.1	Indicate how ESG information is typically used as part of your investment process.		

Select all that apply

	Corporate (financial)	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into security weighting decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is integrated into portfolio construction decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is a standard part of internal credit ratings or assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis for issuers is a standard agenda item at investment committee meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is regularly featured in internal research notes or similar	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis is a standard feature of ongoing portfolio monitoring	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
ESG analysis features in all internal issuer summaries or similar documents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Other, specify	<input type="checkbox"/>	<input type="checkbox"/>	

FI 15.2 Additional information [OPTIONAL]

The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team.

In answering FI 15.1, options were selected if applied systematically by at least one team.

See FI 14.1 for details about minimum standards for ESG integration applied across teams.

FI 16 **Mandatory** **Additional Assessed** **PRI 1**

FI 16.1 Indicate the extent to which ESG issues are reviewed in your integration process.

	Environment	Social	Governance	
Corporate (financial)	Corporate (financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all
Corporate (non-financial)	Corporate (non-financial)	<input checked="" type="radio"/> Environmental <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Social <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all	<input checked="" type="radio"/> Governance <input type="radio"/> Systematically <input type="radio"/> Occasionally <input type="radio"/> Not at all

Corporate (financial)

Please see FI 14.1 for a description of Zurich's ESG integration process.

Corporate (non-financial)

Please see FI 14.1 for a description of Zurich's ESG integration process.

FI 16.3 Additional information.[OPTIONAL]

The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team.

In answering FI16.1, 'Systematically' was selected, based on practices applied by the major teams managing fixed income assets.

See FI 14.1 for details about minimum standards for ESG integration applied across teams.

ESG incorporation in passively managed fixed income

FI 17	Voluntary	Descriptive	PRI 1
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FI 17.1 Describe your RI approach for passively managed fixed income assets.

Passively-managed fixed income mandates are not currently in scope of Zurich's responsible investment approach.

Fixed income - Engagement

FI 18

Mandatory to Report Voluntary to Disclose

Core Assessed

PRI 2

FI 18.1

Indicate if you engage on your fixed income assets. Please exclude any engagements carried out solely in your capacity as a shareholder.

Category	Proportion of assets
SSA	<input checked="" type="radio"/> >50% <div style="background-color: #0070C0; color: white; padding: 2px;">FI 18.2 Indicate your motivations for conducting engagement.</div> <input type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0070C0; color: white; padding: 2px;"> other description</div> <p>Zurich engages extensively with green bond issuers across the different fixed income sectors</p> <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <input type="radio"/> We do not engage
Corporate (financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input type="radio"/> More than 0%, less than 5% <input checked="" type="radio"/> We do not engage
Corporate (non-financial)	<input type="radio"/> >50% <input type="radio"/> 26-50% <input type="radio"/> 5-25% <input checked="" type="radio"/> More than 0%, less than 5% <div style="background-color: #0070C0; color: white; padding: 2px;">FI 18.2 Indicate your motivations for conducting engagement.</div> <input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure) <input type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity) <input checked="" type="checkbox"/> Other, specify <div style="background-color: #0070C0; color: white; padding: 2px;"> other description</div> <p>Zurich engages extensively with green bond issuers across the different fixed income sectors</p> <input type="radio"/> We do not engage

FI 18.3

Additional information.[OPTIONAL]

While Zurich does not currently apply a systematic engagement approach across internal asset management teams, some teams have started to reflect ESG issues in their interaction with investee companies. In those cases, engagement is driven by the portfolio managers and/or analysts directly, with the objective to generate insight as part of the investment process. Efforts to develop a systematic and consistent approach to engagement are underway.

FI 19

Mandatory to Report Voluntary to Disclose

Additional Assessed

PRI 1,2

FI 19.1

Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

Select all that apply

Type of engagement	SSA	Corporate (non-financial)
Individual/Internal staff engagements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input type="checkbox"/>

FI 19.2

Indicate how your organisation prioritises engagements with issuers

Select all that apply

	SSA	Corporate (non-financial)
Based on potential materiality of ESG factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Based on systemic risks to global portfolios	<input type="checkbox"/>	<input type="checkbox"/>
Based on our exposure (holdings) to ESG risks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>

FI 19.3

Indicate when your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (non-financial)
Engagements are conducted pre-investment	<input type="checkbox"/>	<input type="checkbox"/>
Engagements are conducted post-investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>

FI 19.4

Indicate how your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (non-financial)
We systematically engage prior to ESG-related divestments	<input type="checkbox"/>	<input type="checkbox"/>
We engage proactively in anticipation of specific ESG risks and/or opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues which have already affected the issuer	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Investment and ESG analysts systematically conduct ESG-related engagements together	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>

FI 19.5

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (non-financial)
We conduct engagements with individual issuers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
We conduct engagements across sectors and industries	<input type="checkbox"/>	<input type="checkbox"/>
We conduct engagements on specific ESG themes (e.g. human rights)	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>

FI 19.6

Indicate how your organisation shares the outcomes of the engagements internally.

Select all that apply

	SSA	Corporate (non-financial)	
We have a systematic process to ensure the outcomes of engagements are made available	<input type="checkbox"/>	<input type="checkbox"/>	
We occasionally make the outcomes of engagements available	<input type="checkbox"/>	<input type="checkbox"/>	
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	
We do not make this information available	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

FI 19.7

Additional information.[OPTIONAL]

While Zurich does not currently apply a systematic engagement approach across internal asset management teams, some teams have started to reflect ESG issues in their interaction with investee companies. In those cases, engagement is driven by the portfolio managers and/or analysts directly, with the objective to generate insight as part of the investment process. Efforts to develop a systematic and consistent approach to engagement are underway.

FI 20**Mandatory to Report Voluntary to Disclose****Additional Assessed****PRI 1,2****FI 20.1**

Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

- Yes
 No

Outputs and outcomes**FI 21****Mandatory to Report Voluntary to Disclose****Additional Assessed****General****FI 21.1**

Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)	
We measure whether incorporating ESG impacts funds' reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts financial returns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We measure whether incorporating ESG impacts funds' ESG performance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
None of the above	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FI 21.2	Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]
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By comparing the average weighted ESG rating of the portfolio with that of the benchmark.

FI 21.3	Additional information.[OPTIONAL]
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The way in which different in-house asset management teams manage equity or fixed income portfolios can vary significantly depending on the structure and profile of local insurance liabilities (for example, the mix of general and life insurance business, and the specific type of insurance product offered); the size of the portfolio and portfolio management team; local regulatory requirements; local market structure; etc. As a result, the approach to ESG integration will also vary between teams and it is the responsibility of the local chief investment officer to define the optimal approach together with the team. In answering FI 21.1, options were selected if applied systematically at least by one team. See FI 14.1 for details about minimum standards for ESG integration applied across teams.

FI 22	Voluntary	Descriptive	PRI 1,2
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FI 22.1	Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.
----------------	--

Example 1

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
Governance issues in automotive company
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds
Impact on investment decision or performance
Instated underweight position

Example 2

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
Mining company accused of involvement in illicit campaign financing
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds
Impact on investment decision or performance
Suffered negative performance but maintained position

Example 3

Type of fixed income
<input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial)
ESG issue and explanation
Governance issues
RI strategy applied
<input type="checkbox"/> Screening <input type="checkbox"/> Thematic <input checked="" type="checkbox"/> Integration <input type="checkbox"/> Engagement <input type="checkbox"/> ESG incorporation in passively managed funds
Impact on investment decision or performance
Refrained from investment in new issues by various North African companies based on poor governance practices

- Example 4
- Example 5

Communication

FI 23	Mandatory	Core Assessed	PRI 2,6
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FI 23.1	Indicate if your organisation proactively discloses information on your approach to RI across all of your fixed income investments.
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- We disclose it publicly

Provide URL	
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https://www.zurich.com/_/media/dbe/corporate/docs/corporate-responsibility/responsible-investment-at-zurich-december-2014.pdf?la=en

FI 23.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
---------	---

- Yes

FI 23.3

Indicate the information your organisation proactively discloses to the public regarding your approach to RI incorporation.

- Broad approach to RI incorporation
- Detailed explanation of RI incorporation strategy used

FI 23.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad-hoc/when requested
- No
- 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 - Property

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

PR 01	Mandatory to Report Voluntary to Disclose	Descriptive	General
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PR 01.1 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
- N/A, we manage properties, new constructions and/or refurbishments on behalf of our clients, but do not hold equity in property on their behalf

PR 01.2 Additional information. [Optional]

Zurich is a core real estate investor with the objective of achieving 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 roughly USD 10 billion. The majority of these properties are 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 to asset management, 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.

PR 02	Mandatory to Report Voluntary to Disclose	Gateway	General
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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 type="radio"/> 10-50% <input checked="" 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 checked="" type="radio"/> <10% <input type="radio"/> 0%
Managed by tenant(s) with operational control	<input type="radio"/> > 50% <input checked="" type="radio"/> 10-50% <input type="radio"/> < 10% <input type="radio"/> 0%
Total	100%

PR 03	Voluntary	Descriptive	General
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PR 03.1	Indicate up to three of your largest property types by AUM.
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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.
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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 optimisation plan as well as into project management guidelines.

This approach is currently limited to the Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value. A global approach was defined in 2015 and will be rolled out over the next years.

PR 05	Mandatory	Core Assessed	PRI 1-6
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PR 05.1 Indicate if your organisation has a Responsible Property Investment (RPI) policy.

Yes

PR 05.2 Provide a URL if your RPI policy is publicly available. [Optional]

https://www.zurich.com/_/media/dbe/corporate/docs/corporate-responsibility/sustainable-real-estate-management-zurich-imre-ag.pdf?la=en

No

PR 05.3 Additional information. [Optional]

Zurich reflects responsible investment at various levels of the real estate investment approach:

4. 'Sustainability' is reflected as an element of the overall real estate investment strategy
5. Energy consumption and CO2 emission reduction targets are set at the portfolio level
6. Sustainability targets are reflected in the operational optimisation implementation plan
7. 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 55 percent of Zurich's real estate investments by value.

Pre-investment (selection)

PR 08

Mandatory

Gateway

PRI 1

PR 08.1 Indicate if your organisation typically incorporates ESG issues when selecting property investments.

Yes

PR 08.2 Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.

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

PR 08.3 Additional information. [Optional]

Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 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.

- 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.

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 55 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.

ESG issues

- Environmental

List up to three typical examples of environmental issues

- Energy efficiency and CO2 emissions
- Building materials
- Water use reduction and waste water technologies

- Social

List up to three typical examples of social issues

Accessibility

- Governance

PR 10.2 Additional information. [Optional]

Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value.

PR 11	Voluntary	Additional Assessed	PRI 1,3
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PR 11.1	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
See PR 08.2
- We do not track this information

PR 11.2	Additional information.
----------------	-------------------------

Information related to ESG issues contained in external appraisals is taken into account, but often is 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 55 percent of Zurich's real estate investments by value.

PR 12	Voluntary	Additional Assessed	PRI 1
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PR 12.1	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	Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.
----------------	---

- 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 deal structuring process
- Other, specify
- We do not track this potential impact

PR 12.3	Additional information.
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Please refer to PR 08.2 for details.

Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value.

Selection, appointment and monitoring third-party property managers

PR 13	Mandatory	Core Assessed	PRI 4
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PR 13.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.
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Yes

PR 13.2	Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.
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- 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 and relies on property managers to collect data related to energy consumption.

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

No

PR 13.5	Additional information. [Optional]
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Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value.

Post-investment (monitoring and active ownership)

Overview

PR 14	Mandatory	Gateway	PRI 2
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PR 14.1	Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.
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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.
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- 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: Zurich's property managers make information leaflets on issues such as effective heating and venting practices, etc. available to all tenants.

No

PR 14.4	Additional information. [Optional]
---------	------------------------------------

Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value.

Property monitoring and management

PR 15	Mandatory	Core Assessed	PRI 2,3
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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 vs 2010 baseline; 80 percent reduction by 2050)
 CO2 emissions (20 percent reduction by 2020 vs 2010 baseline; 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 for further details.

Note: ESG targets apply to, and are monitored for, the entire Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value. ESG targets apply to 60 percent of global direct investment properties by number.

PR 16	Voluntary	Descriptive	PRI 2
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PR 16.1	Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks
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- Yes
- No

PR 16.3	Additional information.
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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 55 percent of Zurich's real estate investments by value.

Property developments and refurbishments

PR 17	Mandatory	Core Assessed	PRI 2
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PR 17.1	Indicate the proportion of active property developments and refurbishments where ESG issues have been considered.
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- >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

PR 17.3	Additional information. [Optional]
---------	------------------------------------

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 55 percent of Zurich's real estate investments by value.

Occupier engagement

PR 18	Mandatory	Core Assessed	PRI 2
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PR 18.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
----------------	---

- >90% of occupiers
- 51-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

(in terms of number of occupiers)

PR 18.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
----------------	---

- 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

PR 18.3	Additional information. [Optional]
----------------	------------------------------------

Zurich's property managers make information available to all new tenants in the form of leaflets, for example, on effective heating and ventilation practices, etc.,.

Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value.

PR 19	Voluntary	Additional Assessed	PRI 2
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PR 19.1	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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PR 21.1	Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.
----------------	--

We measure whether our approach to ESG issues impacts funds' financial performance

Describe the impact on:	Impact
Funds' financial performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

We measure whether our approach to ESG issues impacts funds' ESG performance

Describe the impact on:	Impact
Funds' ESG performance	<input checked="" type="radio"/> Positive <input type="radio"/> Negative <input type="radio"/> No impact

None of the above

PR 21.2	Describe how you are able to determine these outcomes.
----------------	--

Zurich aims to include savings from energy efficiency in investment decisions at a property level. However, data are not always sufficient to determine the underlying cost savings accruing to the tenant.

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. While there are considerable annual fluctuations (data reported are not adjusted for heating degree days) both energy consumption and CO2 emissions have been reduced compared with the 2010 baseline.

Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 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	Refurbishment of mixed-use property, Lucerne
Impact (or potential impact) on investment	<ul style="list-style-type: none"> • Energy consumption reduced by 29 percent • CO2 emissions reduced by 34 percent
Activities undertaken to influence the investment and the outcomes	<ul style="list-style-type: none"> • Energy performance improved through insulation of roof; upgraded HVAC installations; new windows • Energy system changed from fuel oil to natural gas

Add Example 2

ESG issue	Energy consumption / CO2 emissions
Types of properties affected	Refurbishment of mixed use property, Bern
Impact (or potential impact) on investment	<ul style="list-style-type: none"> • Energy consumption reduced by 48 percent • CO2 emissions reduced by 77 percent
Activities undertaken to influence the investment and the outcomes	<ul style="list-style-type: none"> • Energy performance improved through insulation of building shell • Energy system changed to district heat supply

Add Example 3

ESG issue	Energy consumption / CO2 emissions
Types of properties affected	Refurbishment of office building, Zurich
Impact (or potential impact) on investment	<ul style="list-style-type: none"> • Energy consumption reduced by 72 percent • CO2 emissions reduced by 86 percent
Activities undertaken to influence the investment and the outcomes	<ul style="list-style-type: none"> • Energy performance improved to Minergie label standard through insulation of roof and building shell; upgraded HVAC installations; new windows • Energy system changed from using fuel oil to lake water for heating and cooling

- 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-2015-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

Description of overall sustainability approach

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
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, 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 publicly 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

PR 23.9

Additional information. [Optional]

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), and was externally audited in 2014.

Note: This approach is currently limited to the Swiss real estate portfolio, representing 55 percent of Zurich's real estate investments by value.