



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> To engage internal staff <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff 	
<p>Collaborative engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in collaborative engagements 	
<p>Service provider engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in service provider engagements 	

RI TRANSPARENCY REPORT

2017

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 2017 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	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO End	Module confirmation page	✓	-							

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		✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	✓	Public	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 16	ESG issues for externally managed assets not reported in framework	⚠	n/a							✓
SG 17	Innovative features of approach to RI	✓	Public							✓
SG End	Module confirmation page	✓	-							

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	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	✓	Public		✓					
SAM 07.1	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 07.2-5	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 08	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 09	Monitoring on active ownership (listed equity/fixed income)	✓	Public	✓						
SAM 10	Percentage of (proxy) votes	🔒	n/a		✓					
SAM 11	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						
SAM 12	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓						✓
SAM 13	Disclosure of RI considerations	✓	Public							✓
SAM End	Module confirmation page	✓	-							

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	✓	Public							✓
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	🔒	n/a	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	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		✓					✓
LEI End	Module confirmation page	✓	-							

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		✓				✓	
FI End	Module confirmation page	✓	-							

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	Responsible Property Investment (RPI) policy	✓	Public	✓						✓
PR 05	Fund placement documents and RI	🔒	n/a	✓			✓			✓
PR 06	Formal commitments to RI	🔒	n/a				✓			
PR 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 08	Types of ESG information considered in investment selection	✓	Public	✓		✓				
PR 09	ESG issues impact in selection process	✓	Public	✓						
PR 10	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 11	ESG issues in post-investment activities	✓	Public		✓					
PR 12	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 13	Certification schemes, ratings and benchmarks	✓	Public		✓					
PR 14	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 15	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 16	Proportion of green leases or MOUs referencing ESG issues	✓	Public		✓					
PR 17	Proportion of assets engaged with on community issues	🔒	n/a		✓					
PR 18	ESG issues affected financial/ESG performance	✓	Public	✓	✓					
PR 19	Examples of ESG issues that affected your property investments	✓	Public	✓		✓				
PR 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PR End	Module confirmation page	✓	-							

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

Public

Gateway/Peering

General

OO 01.1

Select the type that best describes your organisation or the services you provide.

- 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 54,000 employees, we provide a wide range of property and casualty and life insurance products and services. We serve individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 210 countries and territories.

OO 02

Mandatory

Public

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

490

OO 02.4 Additional information. [Optional]

FTE figure comprises Zurich's Investment Management organization, i.e., all staff with line reporting into the Group Chief Investment Officer, and is estimated based on headcount figures.

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

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

- Yes
- No

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

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

31/12/2016

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		189	808	069	680
Currency	USD				
Assets in USD		189	808	069	680

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

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 How you would like to disclose your asset class mix.

- as percentage breakdown
- 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%	<10%
Other (2), specify	<10%	<10%

	'Other (1)' specified
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Mortgages

	'Other (2)' specified
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Loans

OO 06.2	Publish our asset class mix as per attached image [Optional].
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OO 06.3	Provide contextual information on your AUM asset class split. [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 11.03 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 05.1.

OO 07	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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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.
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Internally managed	SSA	80
	Corporate (financial)	10
	Corporate (non-financial)	10
	Securitised	0
	Total	100%
Externally managed	SSA	35
	Corporate (financial)	20
	Corporate (non-financial)	25
	Securitised	20
	Total	100%

OO 08	Mandatory to Report Voluntary to Disclose	Public	Peering	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 08.1	Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds.
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Asset class breakdown	Segregated mandate(s)	Pooled fund(s)
[a] Listed equity	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[b] Fixed income - SSA	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[c] Fixed income – Corporate (financial)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[d] Fixed income – Corporate (non-financial)	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[e] Fixed income – Securitised	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[f] Private equity	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[j] Hedge funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[o] Other (1), specify	<input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
[p] Other (2), specify_____	<input type="radio"/> 0% <input checked="" type="radio"/> <10%	<input type="radio"/> 0% <input checked="" type="radio"/> <10%

	<input type="radio"/> 10-50% <input type="radio"/> >50 %	<input type="radio"/> 10-50% <input type="radio"/> >50 %
Total externally managed assets	<i>Please ensure the entire table (both columns combined) totals to 100%</i>	

OO 08.2 Additional information. [Optional]

Other 1: Mortgages
Other 2: Loans

OO 09 Mandatory to Report Voluntary to Disclose Public Peering General

OO 09.1 Indicate the breakdown of your organisation's AUM by market.

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 %
<i>Total</i>	<i>100%</i>

OO 09.2 Additional information. [Optional]

The information provided above is based on assumptions and expert judgment. Data about the split between segregated mandates and pooled funds is not systematically collected for all asset classes listed above. Zurich invests in private equity and hedge funds predominantly through the selection of third-party fund managers, whereas segregated mandates dominate in all other asset classes.

Gateway asset class implementation indicators

OO 10 Mandatory Public Gateway General

OO 10.1

Select the direct or indirect ESG incorporation activities your organisation implemented for listed equities in the reporting year.

- 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 10.2

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

- We engage with companies on ESG factors 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.

Please explain why you do not.

Internally managed assets: in 2016: a strategy for engagement was formulated. Some teams have engaged on ESG issues during the year. We expect to report more formally on these activities for the 2017 reporting year.

Externally managed assets: in 2016: a number of selected investment management agreements (IMA) were updated to formally require certain responsible investment practices to be applied, including engagement as relates to the discussion of ESG issues with investee companies. However, while many of our external asset managers do engage with companies on ESG issues, in many instances this was not a formal requirement in 2016. We expect to report more formally for the 2017 reporting year.

OO 10.3

Select the 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 10.4

Indicate why you do not cast your votes

- Indicate why you do not cast your votes

Internally managed assets: in 2016 an external proxy voting advisor was identified to support Zurich in implementing a comprehensive proxy voting strategy for internally managed assets. The strategy was formulated and approved in 2015, and work on formulating proxy voting guidelines has begun. The new approach introduces active execution of voting rights for the majority of all internally-managed assets. Execution of proxy votes will be piloted by selected teams for the 2017 proxy voting season.

Externally managed assets: in 2016, a number of selected IMAs were updated to formally require the active execution of proxy voting rights. For the remaining mandates, proxy voting was delegated to external managers as specified in the existing IMAs, but without active execution as a formal requirement. However, all of Zurich's externally managed equities in scope for voting (see OO 11.3 for details) are covered by an active proxy voting policy. Even though not all votes are executed due to geographic restrictions in policies, technical restrictions related to portfolio structures, etc., in 2016 our external asset managers executed proxy votes in line with their policy for assets representing more than 55 percent of externally-managed equities in-scope for ESG integration (see OO 11.3 for details).

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

OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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- 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]
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Mortgages

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

OO 11.2	Select the 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)
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- Fixed income – SSA
- Fixed income – corporate (financial)
- Fixed income – corporate (non-financial)
- Fixed income – securitised
- Private equity
- Hedge funds
- Other (1)
- Other (2)
- None of the above

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

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

OO 11.3

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 12.3 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 12**Mandatory****Public****Gateway****General**

You will need to make a selection in OO 12.1 only if you have any voluntary modules that you can choose to report on.

OO 12.1

Select from below any additional applicable modules or sections you would like to report on voluntarily. You are only required to report on asset classes that represent 10% or more of your AUM.

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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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

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 checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) Investment philosophy <input 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

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Processes / approaches to incorporating ESG
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Indicate what norms you have used to develop your investment policy that covers your responsible investment approach.

- 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 01.5

Describe your organisation's investment principles, and overall investment strategy, and how they consider ESG factors and real economy impact.

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 01.6 below for a more detailed description of these key elements.

No

SG 01.6

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [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 to fund efforts to address 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	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

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

URL/Attachment

- URL

URL

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

- Attachment (will be made public)
- Asset class-specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

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

- Attachment (will be made public)
- Engagement policy
- (Proxy) voting policy
- Other, specify (1)

Other, specify (1) description

Investment philosophy

URL/Attachment

- URL

URL

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

- Attachment (will be made public)
- We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

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

- Attachment
- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

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

Attachment

Processes / approaches to incorporating ESG

URL/Attachment

URL

URL

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

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

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

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

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

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

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

Attachment

Active ownership approaches

URL/Attachment

URL

URL

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

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Indicate if your organisation's investment principles, and overall investment strategy is publicly available

Yes

Url

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

No

SG 02.4 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/corporate-governance/code-of-conduct

SG 03	Mandatory	Public	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 of 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 behavior through code of conduct (Zurich Basics)

No

SG 04	Voluntary	Public	Descriptive	General
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SG 04.1

Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies.

Yes

No

SG 04.2

Describe your process on managing incidents

Zurich monitors the ESG performance of its portfolios that are in scope for ESG integration (see OO 11.3 for details), producing internal reports that highlight controversial business practices and rating downgrades as identified by a third-party data provider. For internally managed assets, these reports are distributed to local ALM investment committees (ALMIC). For externally managed assets, ESG performance is discussed at least annually as part of quarterly performance review meetings and the asset manager may provide their own reporting on portfolios' ESG performance. While there is a process in place to monitor ESG performance of portfolios, not all incidents that lead to rating downgrades or are flagged due to controversial business practices are systematically assessed; relevant discussions typically focus on illustrative examples and/or the most material incidents.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 05.2 Additional information. [Optional]

See SG 07.4 for additional information on the objective-setting process

SG 06 Voluntary Public Descriptive General

SG 06.1 List the main responsible investment objectives that your organisation set for the reporting year.

Responsible investment processes

- Provide training on ESG incorporation

Key performance indicator

Completion rate for basic and advanced responsible investment training.

Progress achieved

Portfolio management teams and selected other individuals are required to complete advanced responsible investment training. Basic responsible investment training is required for investment management staff globally. 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

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, 2016:

- Green bonds: USD 1.4 billion
- Other use-of-proceed bonds: USD 200 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 reduction targets for portfolio

Key performance indicator

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

Progress achieved

- CO2: 30 kg/sqm (2015), -5% vs. 2010
- Energy consumption: 121 kWh/sqm (2015), -6% vs. 2010

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

Other activities

- 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 06.2

Additional information.

Currently, reduction targets for CO2 emissions and energy consumption only apply to real estate investments in Switzerland (54 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 07

Mandatory

Public

Core Assessed

General

SG 07.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- 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 Group 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 (1)
- Other role, specify (2)

SG 07.2	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
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- The Head of Responsible Investment, reporting directly to the Group 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 relevant individuals across investment management, including all department heads reporting directly to the Group CIO, and then cascaded as applicable to the regional and local investment teams, including, local CIOs, portfolio managers, analysts and others.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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Number

2

SG 07.4	Additional information. [Optional]
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Accountabilities at the level of the Zurich Group

- The 'Governance, Nominations and Corporate Responsibility Committee' of the Zurich Board of Directors reviews and approves the corporate responsibility (CR) strategy and objectives, including responsible

investment as an element of that strategy. In addition, the Board of Directors formally oversees the execution of the Group's overall strategy, of which corporate responsibility forms an integral part.

- Zurich's responsible investment approach is an integral element of the Group's CR strategy and the Executive Committee (ExCo) is accountable for the execution of the CR strategy. 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 ExCo and monitors progress of the implementation of Zurich's overall CR strategy. The Working Group is chaired by a member of the ExCo 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 ExCo, is responsible for the execution of the responsible investment strategy.

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1	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 Group 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 08.3	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.

SG 08.4	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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The Group CIO meets monthly with the Head of Responsible Investment to discuss responsible investment practices and is involved in additional strategic discussions on priority issues as relates to responsible investment. He has built a significant level of expertise during his tenure at Zurich (as a member of Zurich's Investment Management Executive Team since 2010 he was involved in responsible investment activities in his previous roles as Head of Strategy Implementation and Head of Alternative Investments and, in that role, was responsible for Zurich's allocation to impact private equity investments and also indirectly oversaw Zurich's sustainability approach for real estate investments) and receives regular invitations to speak about responsible investment at relevant conferences or other industry events.

Promoting responsible investment

SG 09	Mandatory	Public	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 09.1	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 and, in 2016, was a member of the Fixed Income Engagement Sub-Committee.

- 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)
- Code for Responsible Finance in the 21st Century
- 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)
- Green Bond Principles

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 Green Bond Principles Executive Committee, Co-Chair of the initiative and active participant of various working groups, co-chairing one of them

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

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

- 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 Sustainable Insurance
- 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

- Responsible Finance Principles in Inclusive Finance
- 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, which presented its findings in summer 2016.

- 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 convened 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

- 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 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Wrote articles on responsible investment in the media.
- Other, specify

No

SG 10.3	Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [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 below.

As part of our activities to promote responsible investment, Zurich speakers have participated in over 25 events and webinars, and Zurich contributed to, or authored, a similar number of articles through various media outlets globally, over the course of 2016.

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: for example, those related 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 with many others in the field to 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 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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SG 11.1 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.

- Yes
 - Yes, individually
 - Yes, in collaboration with others

SG 11.2 Select the methods you have used.

- Endorsed written submissions to governments, regulators or public policy-makers 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 11.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available

provide URL

<https://www.unpri.org/group/statement-on-esg-in-credit-ratings-2406>

- No
- No

SG 11.4 Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

In 2016, Zurich's responsible investment policy advocacy efforts were focused mainly on topics related to disclosure and transparency, as well as the green bond market. These efforts included providing detailed input into various relevant consultations by the European Commission as well as direct interaction with relevant policy makers in both group and bilateral settings.

Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	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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- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 12.2	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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- We do the following
- We do not consider ESG issues in strategic asset allocation

SG 12.3	Additional information. [OPTIONAL]
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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. This type of minimum-risk portfolio should 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. It should offer the highest long-term expected investment return given Zurich's liabilities, regulatory framework and allocated capital. To make this asset allocation, Group Investment Management distills all investable asset classes into a set of six easily-understandable and transparent risk factors: 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 13	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 13.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following you act on.
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- Changing demographics
- Climate change

SG 13.2

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 2016, Zurich started evaluating specific investment strategies addressing climate risk following a comprehensive analysis of climate change-related risks and opportunities conducted in 2015.

- None of the above

SG 13.3

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 13.5

Additional information [Optional]

Zurich believes that ESG issues, including 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 03.2 or FI 04.3 for details on Zurich's ESG integration approach), we expect internal and external asset managers to better capture the risks and opportunities associated with a broad range of ESG issues, including the ones outlined here.

As relates to SG 13.2 and SG 13.3 above: Zurich targets low-carbon or climate-resilient investments through its impact investing strategies (See SG14.4 for more details on Zurich's impact investing approach) and applies carbon footprinting and emission reduction targets to its Swiss real estate portfolio.

SG 14	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 14.1

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

Yes

SG 14.2

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class 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

% of AUM

1.1

Brief description of investment

Through green bonds. See SG 14.3 for additional explanations.

Green buildings

Asset class invested

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

% of AUM

14

Brief description of investment

Through direct real estate investments and through green bonds. See SG 14.3 for additional explanations.

Sustainable forestry

Asset class invested

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

% of AUM

1.1

Brief description of investment

Through green bonds. See SG 14.3 for additional explanations.

Sustainable agriculture

Asset class invested

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

% of AUM

1.1

Brief description of investment

Through green bonds. See SG 14.3 for additional explanations.

Microfinance

Asset class invested

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

% of AUM

2.4

Brief description of investment

Through impact private equity funds. See SG 14.3 for additional explanations.

- SME financing

Asset class invested

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

% of AUM

2.4

Brief description of investment

Through impact private equity funds. See SG 14.3 for additional explanations.

- 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

% of AUM

0.1

Brief description of investment

Through use-of-proceeds social bonds. See SG 14.3 for additional explanations.

- Education

Asset class invested

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

% of AUM

0.1

Brief description of investment

Through use-of-proceeds social bonds. See SG 14.3 for additional explanations.

- Global health
- Water

Asset class invested

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

% of AUM

1.1

Brief description of investment

Through impact private equity funds and green bonds. See SG 14.3 for additional explanations.

Other area, specify

No

SG 14.3	Additional Information [Optional]
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Please see SG 17 for more details on Zurich’s impact investment approach. While Zurich’s themed investments address most options provided in SG 14, the way in which its exposures to themed investments are monitored makes it difficult to provide breakdowns based on the categories provided here. In answering SG 14, a theme was selected if the area is addressed through our impact investments. But percentages were calculated based on the complete ‘themed’ allocation for a given asset class. For example, green bonds in SSA, financial and non-financial fixed income fund clean technologies. We estimate that biggest concentration of projects is in the SSA category. The percentage provided reflects green SSA securities relative to total SSA exposure.

SG 15	Mandatory	Public	Descriptive	General
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SG 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Listed equity - (proxy) voting	<p>In 2016 an external proxy voting advisor was identified to support Zurich in the implementation of a comprehensive proxy voting strategy for internally managed assets. The strategy was formulated and approved in 2015, and work on formulating proxy voting guidelines has begun. The new approach introduces active execution of voting rights for the majority of all internally-managed assets. Execution of proxy votes will be piloted by selected teams for the 2017 proxy voting season.</p> <p>For externally managed assets, a number of selected IMAs were updated to formally require the active execution of proxy voting rights while, for remaining mandates, proxy voting was delegated to external managers as specified in the existing IMAs, but without active execution as a formal requirement. However, all of Zurich's externally managed equities in scope for voting (see OO 11.3 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 2016 our external asset managers executed proxy votes in line with their policy for assets representing more than 55 percent of externally-managed equities in-scope for ESG integration (see OO 11.3 for details).</p>

Innovation

SG 17	Voluntary	Public	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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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 2016, Zurich 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 2016, USD 1.4 billion had been invested in green bonds.
- **Socially-themed use-of-proceeds bonds:** By the end of 2016, USD 200 million had been invested in socially-themed use-of-proceeds bonds of various issuers.
- **Impact private equity:** By end of 2016, 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 organizations 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 210 countries and territories, 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 program 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. A white paper published by Zurich on flood resilience states 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 considers 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.

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	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SAM 01.1 Indicate whether your organisation uses investment consultants and/or fiduciary managers.

- Yes, we use investment consultants
- Yes, we use a fiduciary manager that delegates management of some or all of our assets to third-party managers.
- No, we do not use investment consultants or fiduciary managers.

SAM 02	Mandatory	Public	Gateway	PRI 1
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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 01.6 for a description of how Zurich looks at ESG integration) in its asset manager life cycle process for all in-scope assets (see OO 11.3 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 05, SAM 07 and SAM 08.

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.

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 and Fixed Income Strategies

SAM 03	Mandatory to Report Voluntary to Disclose	Public	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)	<p>34</p> <p>12</p> <p>54</p> <p>100%</p>
Fixed income - SSA	<p>34</p> <p>0</p> <p>66</p> <p>100%</p>
Fixed income - Corporate (financial)	<p>6</p> <p>0</p> <p>94</p> <p>100%</p>
Fixed income - Corporate (non-financial)	<p>3</p> <p>0</p>

	Active - fundamental and active - other
97	
100%	

SAM 04	Mandatory	Public	Gateway	PRI 1,2
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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	Listed Equity	FI - SSA	FI - Corporate (financial)	FI - 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	Listed Equity	FI - SSA	FI -Corporate (financial)	FI -Corporate (non-financial)
Screening	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thematic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input type="checkbox"/>	<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"/>	<input checked="" type="checkbox"/>

SAM 04.2

Explain how you integrate ESG factors in the selection, appointment and monitoring of your passive funds

Given that the vast majority of Zurich's assets are managed actively (see SAM 03 for details), we have so far considered passively-managed funds to be out-of-scope of our responsible investment approach, with the exception of equity mandates and funds, where Zurich has control of voting rights; in these cases, proxy voting policies are reviewed and voting records monitored (see OO 11.3 for a description of assets in scope for ESG integration).

Selection

SAM 05

Mandatory

Public

Core Assessed

PRI 1

SAM 05.1

Indicate what RI-related information your organisation typically covers in the majority of selection documentation for your external managers

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
Investment strategy and how ESG objectives relate to it	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
ESG incorporation requirements	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
No RI information covered in the RFPs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

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

In addition to the options listed, Zurich pays specific attention to ESG training as well as ESG data made available to investment staff. See SAM 02.2 and SAM 05.5 for the full list of ESG questions assessed as part of the RFI and RFP process.

SAM 05.2

Explain how your organisation evaluates the investment manager's ability to align between your investment strategy and their investment approach

Strategy

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
Assess the time horizon of the investment manager's investment strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Assess the quality of investment policy and its reference to ESG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Assess the investment approach and how ESG objectives are implemented in the investment process (asset class specific)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Assess the ESG definitions to be used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Other	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>		

ESG people/oversight

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
Assess ESG expertise of investment teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review the ownership of the ESG implementation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review how is ESG implementation enforced /ensured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Other	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>		

Process/portfolio construction/investment valuation

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
Review the process ensuring the quality of the ESG data used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Review and agree the investment decision making process (and ESG data use in it)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review and agree the ESG incorporation strategy impact of ESG analysis on investment decisions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review and agree how the manager is targeting returns and ESG objectives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review and agree how the manager identifies, measures and manages ESG risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review and agree return and risk in combination at a portfolio level (portfolio construction) and ESG objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Review how ESG materiality is evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review process for defining and communicating on ESG incidents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Other, specify	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>		

SAM 05.3

Describe the selection process

- Review responses to RfP, RfI, DDQ etc.
- Review Limited Partners' Responsible Investment Due Diligence Questionnaire (PE DDQ)
- Review publicly available information
- Review assurance process
- Review PRI Transparency Reports
- Request and discuss PRI Assessment Reports
- Meetings with the potential shortlisted managers
- Site visits to potential managers offices
- Other, specify

SAM 05.4

When selecting external managers does your organisation set any of the following:

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Real world economy targets	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Other RI considerations	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>		

SAM 05.5

Provide additional information relevant to your organisation's selection approach [OPTIONAL]

Note that the process for private equity (PE) fund manager selection is different from the process described in SAM 02.2 for other asset classes and is performed by a dedicated PE team. 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 analyzing investment opportunities?
- How are ESG issues included in the investment decision process?
- Is there a dedicated team focused on ESG issues?
- Does the GP provide ongoing ESG training for the relevant staff?
- Is environmental and social impact measured?
- Monitoring: How are ESG issues monitored at the portfolio company level? Is there a framework in place?
- Has the GP developed an internal ESG policy?
- 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. All reporting regarding SSA refers to Zurich's existing dedicated SSA green bond mandate managed by an external asset manager. (See OO 11.3 for a description of the scope for ESG integration.)

SAM 06

Mandatory

Public

Additional Assessed

PRI 2

SAM 06.1

Indicate how your organisation typically evaluates the manager's active ownership practices in the majority of the manager.

Engagement

	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	
Review the manager's engagement policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Review the manager's engagement process (with examples and outcomes)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Ensure that engagement outcomes feed back into the investment decision-making process	<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 type="checkbox"/>	<input type="checkbox"/>	

SAM 06.2

Describe how you assess if the manager's engagement approach is effective.

- Impact on investment decisions
- Impact on company / asset level
- Impact on ESG profile or the portfolio
- Evidence of changes in corporate practices
- Other, specify
- None of the above

Appointment

SAM 07.1

Mandatory

Public

Core Assessed

PRI 1

SAM 07.1

Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment

- Sets standard or ESG benchmarks
- Defines ESG objectives
- Sets incentives and controls linked to the objectives
- Requires reporting on these objectives
- None of the above
- None of the above, we invest only in pooled funds and have a thorough selection process

SAM 07.2-5

Mandatory

Public

Core Assessed

PRI 1

SAM 07.2

Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.

	Asset class
--	-------------

- Listed equity (LE)

	Benchmark
--	-----------

- Standard benchmark, specify

Benchmarks are determined in the context of a specific portfolio and Zurich uses a variety of benchmarks and benchmark families depending on geographic scope, investment strategy, and investment objectives.

- ESG benchmark, specify

	Objectives
--	------------

- Voting, specify
- Engagement, specify
- Integration, specify

See SAM 02.2 for template language on ESG integration included in our IMAs.

- Investment restrictions, specify
- Strategy, specify
- Other, specify

	Incentives and controls
--	-------------------------

- We do not set incentives and controls

	Reporting requirements
--	------------------------

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

- Fixed income - SSA (SSA)

	Benchmark
--	-----------

- Standard benchmark, specify

U.S. Treasury benchmark

- ESG benchmark, specify

Objectives

Other, specify

Positive environmental and social outcomes are stipulated in the investment objective and only green and social bonds are eligible for this specific mandate.

Voting, specify

Engagement, specify

Integration, specify

Investment restrictions, specify

Strategy, specify

Incentives and controls

We do not set incentives and controls

Reporting requirements

Ad-hoc/when requested

Annually

Bi-annually

Quarterly

Monthly

Fixed income - Corporate (financial)

Benchmark

Standard benchmark, specify

Benchmarks are determined in the context of a specific portfolio and Zurich uses a variety of benchmarks and benchmark families depending on geographic scope, investment strategy, and investment objectives.

ESG benchmark, specify

Objectives

Other, specify

Voting, specify

Engagement, specify

Integration, specify

See SAM 02.2 for template language on ESG integration included in our IMAs.

Investment restrictions, specify

Strategy, specify

Incentives and controls

We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Fixed income - Corporate (non-financial)

Benchmark

- Standard benchmark, specify
- Benchmarks are determined in the context of a specific portfolio and Zurich uses a variety of benchmarks and benchmark families depending on geographic scope, investment strategy, and investment objectives.
- ESG benchmark, specify

Objectives

- Other, specify
 - Voting, specify
 - Engagement, specify
 - Integration, specify
- See SAM 02.2 for template language on ESG integration included in our IMAs.
- Investment restrictions, specify
 - Strategy, specify

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
 - Annually
 - Bi-annually
 - Quarterly
 - Monthly
- Private equity

Benchmark

- Standard benchmark, specify
- Benchmarks are determined in the context of a specific portfolio and Zurich uses a variety of benchmarks and benchmark families depending on geographic scope, investment strategy, and investment objectives.
- ESG benchmark, specify

Objectives

- Voting, specify
- Engagement, specify
- Integration, specify
See SAM 07.5 for template language on ESG integration included in side letters.
- Investment restrictions, specify
- Strategy, specify

Incentives and controls

- We do not set incentives and controls

Reporting requirements

- Ad-hoc/when requested
- Annually
- Bi-annually
- Quarterly
- Monthly

SAM 07.3

Explain how your organisation evaluates the reporting capacity of the manager to meet your reporting requirements during the selection process

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
Agree upon ESG reporting requirements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Review ESG reporting processes and capacity in place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Agree processes for raising ad-hoc ESG issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Other, specify	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>		

SAM 07.4

Explain which of these actions your organisation might take if any of the requirements are not met

- Discuss requirements not met and set project plan to rectify
- Review performance in more detail
- Place investment manager on a “watch list”
- Investigate reason for non-compliance
- Require action plan from the manager
- Negotiate fees
- Failing all actions, terminate contract with the manager
- Other, specify

Zurich has a formal process in place to rate its managers with respect to multiple criteria including their responsible investment practices and discusses findings as part of annual relationship review meetings which are conducted with all major asset managers.

- No actions are taken if any of the requirements are not met

SAM 07.5

Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

We believe that proactively integrating ESG factors into the investment process helps our asset managers to generate superior risk-adjusted long-term financial returns. Rather than using ESG benchmarks that pre-determine a specific application of ESG factors, we prefer to work with our asset managers to use their own ESG integration techniques in an attempt to outperform market benchmarks.

See SAM 02.2 for detailed process on how ESG is integrated into manager selection, appointment and monitoring. Note that the process for private equity (PE) fund manager selection is different from the process described in SAM 02.2 for other asset classes and is performed by a dedicated PE team. In 2015, Zurich began to include specific requirements with respect to ESG in side letters 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.

Note that all reporting regarding SSA refers to Zurich's existing dedicated SSA green bond mandate managed by an external asset manager. (See OO 11.3 for a description of the scope for ESG integration.)

Monitoring				
SAM 08	Mandatory	Public	Core Assessed	PRI 1
SAM 08.1	When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates from the investment manager in meetings/calls			

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
ESG objectives linked to investment strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Investment restrictions and any controversial investment decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
ESG incorporation objectives (with examples)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
ESG portfolio characteristics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
How ESG materiality has been evaluated by the manager in the monitored period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Information on any ESG incidents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Metrics on the real economy influence of the investments	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
PRI Transparency Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
PRI Assessment Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input 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"/>	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>	<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 details on how Zurich monitors and reviews ESG integration practices of its asset managers.

SAM 08.2

When monitoring external managers, does your organisation set any of the following to measure compliance/progress

	LE	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	Private equity		
ESG score	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
ESG weight	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Real world economy targets	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Other RI considerations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
None of the above	<input type="checkbox"/>	<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 details on how Zurich monitors and reviews ESG integration practices of its asset managers.

SAM 08.3

Provide additional information relevant to your organisation's monitoring processes of external managers. [OPTIONAL]

Note that impact ('real world economy') targets are only monitored for Zurich's dedicated allocations to impact investments as highlighted in SG 14. All reporting regarding SSA refers to Zurich's existing dedicated SSA green bond mandate managed by an external asset manager. (See OO 11.3 for a description of the scope for ESG integration.)

SAM 09	Mandatory	Public	Additional Assessed	PRI 1
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SAM 09.1

When monitoring managers, indicate which of the following active ownership information your organisation typically reviews and evaluates from the investment manager in meetings/calls

Engagement

	FI - SSA	FI - Corporate (financial)	FI - Corporate (non-financial)	
Report on engagements undertaken (outcomes and examples)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Account on engagement ESG impacts	<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 type="checkbox"/>	<input type="checkbox"/>	

Outputs and outcomes

SAM 11	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SAM 11.1 Indicate approximately what percentage (+/- 5%) of your externally managed assets are managed by PRI signatories.

%

96

SAM 11.2 Describe how you ensure that best RI practice is applied to managing your assets

- Encourage improved RI practices with existing investment managers

Measures

See SAM 02.2 for details on how Zurich monitors and reviews ESG integration practices of its asset managers. As part of this process, we work together very closely with our asset managers to improve responsible investment practices.

- Move assets over to investment managers with better RI practices
 Other, specify

See SAM 02.2 for details on how Zurich monitors and reviews ESG integration practices of its asset managers. As part of this process, we work together very closely with our asset managers to improve responsible investment practices.

Measures

See SAM 02.2 for details on how Zurich monitors and reviews ESG integration practices of its asset managers. As part of this process, we work together very closely with our asset managers to improve responsible investment practices.

- None of the above

SAM 12	Mandatory	Public	Additional Assessed	PRI 1,6
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SAM 12.1 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.

- 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 a manager search for a listed equity mandate with explicit ESG objective. 35 manager submissions were assessed.
Outcomes	Zurich selected an established manager that developed a proposal taking ESG integration beyond current practices. Guidelines for this mandate stipulate a secondary investment objective for the investment portfolio's ESG performance to exceed that of an ESG benchmark.

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 IMAs with existing asset manager to include ESG language.
Outcomes	In 2016, a large number of IMAs were updated, covering over USD 30 billion of in-scope assets. (See OO 11.3 for a description of the scope for ESG integration.)

Add Example 3

Topic or issue	Performance review of a fixed income portfolio (US)
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 U.S. non-financial fixed income securities was discussed with the asset manager.
Outcomes	The asset manager identified a number of ESG risks in the portfolio. For an issuer from the materials sector, ESG issues were significant enough for the manager to start reducing the position opportunistically. An issuer in the health care sector with governance issues was being monitored. In a third case, the manager argued convincingly that a number of ESG issues an issuer in the media sector faced were not material.

Add Example 4

Topic or issue	Performance review of an equity portfolio (Australia)
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 an Australian equities portfolio was discussed with the asset manager, including a thorough evaluation of the manager's ESG valuation methodology.
Outcomes	The asset manager provided several examples of how ESG integration was affecting fundamental valuation of stocks, portfolio composition, as well as engagement with portfolio companies. Industry trends in the beverage sector were discussed, as well as developments in the Australian energy sector. The manager discussed a position that was sold due to governance issues.

- Add Example 5
- We are not able to provide examples

SAM 12.2	Additional information.
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In 2016, Zurich formally reviewed ESG performance of externally managed securities portfolios in 23 performance review meetings, covering over 80 percent of in-scope assets.

Communication

SAM 13	Mandatory	Public	Core Assessed	PRI 6
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SAM 13.1	Indicate if your organisation proactively discloses any information about responsible investment considerations in your indirect investments.
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- Yes, we disclose information publicly

provide URL

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

SAM 13.2

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

Yes

SAM 13.3

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	Public	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	9
	Active - quantitative (quant)	0
	Active - fundamental and active - other	91
	Total	100%

LEI 02	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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LEI 02.1 For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

Report on strategy

	Passive strategies
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Yes
 No

ESG incorporation in actively managed listed equities

Implementation processes

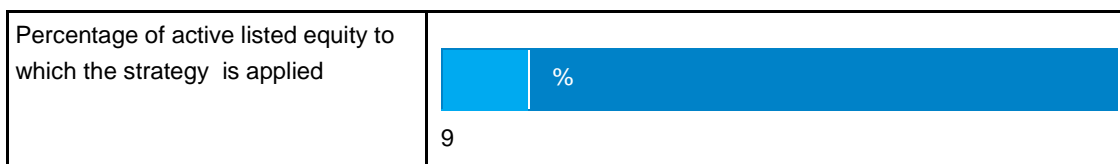
LEI 03	Mandatory	Public	Gateway	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

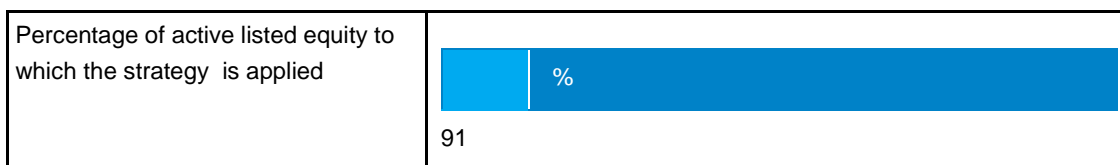
LEI 03.1 Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

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 and Integration strategies



- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

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.

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

Zurich believes that 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 12.3, 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 distils 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 17.2.

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 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 required 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 2016, 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)

Screening applies to all direct equity investments. Refer to OO 11.3 for a description of the type of equity mandates in scope of ESG integration.

LEI 04	Voluntary	Public	Additional Assessed	PRI 1
LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.			

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.
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------

Zurich provides in-house asset management teams access to ESG data and research provided by MSCI. Zurich also encourages portfolio managers and analysts to monitor a variety of ESG information sources and use any available ESG research provided by brokers.

Zurich's corporate responsibility team provides Group 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 03.2 and LEI 06.2 for additional details).

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

- Yes

LEI 04.4	Describe how you incentivise brokers.
-----------------	---------------------------------------

Since 2014, Zurich has conducted three campaigns involving dozens of brokers, asking them to integrate ESG into their analysis and research products.

- No

(A) Implementation: Screening

LEI 06	Mandatory	Public	Descriptive	PRI 1
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LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
----------	----------------------------------------------------------------------------------------------------------

Type of screening

- Negative/exclusionary screening

Screened by

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

	Description
--	-------------

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

Zurich's insurance businesses 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. A corporate responsibility decision team is in place 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 mainly 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	Public	Core Assessed	PRI 1
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LEI 07.1	Indicate which processes your organisation uses to ensure screening is based on robust analysis.
----------	--------------------------------------------------------------------------------------------------

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- 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	Public	Additional Assessed	PRI 1
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LEI 08.1	Indicate which processes your organisation uses to ensure fund criteria are not breached
----------	------------------------------------------------------------------------------------------

- 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.
----------	------------------------------------------------------------------------------------------------------------------

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.[Optional]

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 used to manage other types of guideline breaches.

(C) Implementation: Integration of ESG issues

LEI 10	Mandatory	Public	Core Assessed	PRI 1
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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	<table border="1" style="width: 100%; background-color: #0072bc; color: white;"> <tr> <td style="width: 15%;"></td> <td style="text-align: center;">Environmental</td> </tr> </table> <p> <input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues </p>		Environmental
	Environmental		
Social	<table border="1" style="width: 100%; background-color: #0072bc; color: white;"> <tr> <td style="width: 15%;"></td> <td style="text-align: center;">Social</td> </tr> </table> <p> <input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues </p>		Social
	Social		
Corporate Governance	<table border="1" style="width: 100%; background-color: #0072bc; color: white;"> <tr> <td style="width: 15%;"></td> <td style="text-align: center;">Corporate Governance</td> </tr> </table> <p> <input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input 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 </p>		Corporate Governance
	Corporate Governance		

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 03.2 for details about the minimum standards for ESG integration in the security selection process. Currently, all of Zurich's major in-house teams systematically apply the ESG integration process as described in LEI 03.2, which includes review of potential ESG issues.

LEI 11	Voluntary	Public	Additional Assessed	PRI 1
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LEI 11.1	Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis.
-----------------	----------------------------------------------------------------------------------------------------------

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- 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.
-----------------	---------------------------------------------------------------------------

- 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.[Optional]
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Zurich sources third-party ESG data and research, which is available to all portfolio managers and other relevant staff within Group 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 generally conduct in-house equity research. In addition, ESG ratings and other key ESG information are integrated into Group Investment Management's global investment data warehouse (GIDW).

LEI 12	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 12.1 Indicate which aspects of investment analysis you integrate ESG information into.

- Economic analysis
 - Systematically
 - Occasionally
- Industry analysis
 - Systematically
 - Occasionally
- Quality of 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 forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation tools (discount rates, terminal value)
- 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 screen 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
 - Systematically
 - Occasionally

LEI 12.2b	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis and/or portfolio construction.
------------------	--------------------------------------------------------------------------------------------------------------------------------------------------

- Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- Adjustments to valuation tools (discount rates, terminal value)
- Other adjustments to fair value projections, specify

LEI 12.4b	Describe the methods you have used to adjust the income forecast / valuation tool
------------------	-----------------------------------------------------------------------------------

The portfolio manager will make a subjective adjustment

- Other, specify

LEI 12.5	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 this indicator, 'occasionally' was selected if a respective process is applied by at least one team. 'Systematic' was selected if a respective process is applied by a majority of teams.

See LEI 03.2 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	Public	Descriptive	PRI 1
---------------	--------------------------------------------------	---------------	--------------------	--------------

LEI 13.1	Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.
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- Yes
- No

Outputs and outcomes

LEI 14	Voluntary	Public	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.[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 LEI 14.1, options were selected if applied systematically at least by one team.

See LEI 03.2 for details about minimum standards for ESG integration applied across teams.

LEI 15 Voluntary Public Additional Assessed PRI 1

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.

- 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.

By comparing the average weighted ESG rating of the portfolio with that of the benchmark.

Note: 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 03.2 for details about minimum standards for ESG integration applied across teams.

LEI 16	Voluntary	Public	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.
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ESG issue 1

ESG issue and explanation
Holding in leisure travel sector with poor ESG rating due to safety record and labor management 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
Portfolio manager investigated the potential issues and concluded that company management is effectively addressing them, while tangible improvements on environmental performance suggest adequate awareness of ESG issues by management.

ESG issue 2

ESG issue and explanation
Oil and gas company faced several cases of litigation over corruption.
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 heavy underweight in the position.

ESG issue 3

ESG issue and explanation
Bank holding with controversial governance practices, including mis-selling.
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
Completely exited position.

ESG issue 4

ESG issue and explanation
Governance issues in the automotive sector.
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
Took cautious stance and maintain benchmark positions in automakers based on potential spread of emissions scandal and expected disruptive impact of shift towards electric and hybrid vehicles.

ESG issue 5

ESG issue and explanation
Construction company with poor ESG rating.
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
Portfolio manager investigated ESG record of company and disagreed with external ESG rating, established overweight position based on own (ESG) assessment.

LEI 16.2	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.

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

See LEI 03.2 for details about minimum standards for ESG integration applied across teams.

Communication

LEI 17	Mandatory	Public	Core Assessed	PRI 2,6
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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	Public	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="496 224 619 286"> </td> <td data-bbox="619 224 1474 286"> Passive </td> </tr> <tr> <td data-bbox="496 297 619 353"> 18 </td> <td data-bbox="496 297 1474 353"></td> </tr> <tr> <td data-bbox="496 365 619 427"> </td> <td data-bbox="619 365 1474 427"> Active - quantitative (quant) </td> </tr> <tr> <td data-bbox="496 439 619 495"> 0 </td> <td data-bbox="496 439 1474 495"></td> </tr> <tr> <td data-bbox="496 506 619 568"> </td> <td data-bbox="619 506 1474 568"> Active - fundamental and active - other </td> </tr> <tr> <td data-bbox="496 580 619 636"> 82 </td> <td data-bbox="496 580 1474 636"></td> </tr> <tr> <td data-bbox="496 647 619 710"> </td> <td data-bbox="619 647 1474 710"> Total </td> </tr> <tr> <td data-bbox="496 721 619 777"> 100% </td> <td data-bbox="496 721 1474 777"></td> </tr> </tbody> </table>		Passive	18			Active - quantitative (quant)	0			Active - fundamental and active - other	82			Total	100%	
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Corporate (non-financial)	<table border="1"> <tbody> <tr> <td data-bbox="496 1406 619 1469"> </td> <td data-bbox="619 1406 1474 1469"> Passive </td> </tr> <tr> <td data-bbox="496 1480 619 1536"> 0 </td> <td data-bbox="496 1480 1474 1536"></td> </tr> <tr> <td data-bbox="496 1547 619 1610"> </td> <td data-bbox="619 1547 1474 1610"> Active - quantitative (quant) </td> </tr> <tr> <td data-bbox="496 1621 619 1677"> 0 </td> <td data-bbox="496 1621 1474 1677"></td> </tr> <tr> <td data-bbox="496 1688 619 1751"> </td> <td data-bbox="619 1688 1474 1751"> Active - fundamental and active - other </td> </tr> <tr> <td data-bbox="496 1762 619 1818"> 100 </td> <td data-bbox="496 1762 1474 1818"></td> </tr> <tr> <td data-bbox="496 1830 619 1892"> </td> <td data-bbox="619 1830 1474 1892"> Total </td> </tr> <tr> <td data-bbox="496 1904 619 1960"> 100% </td> <td data-bbox="496 1904 1474 1960"></td> </tr> </tbody> </table>		Passive	0			Active - quantitative (quant)	0			Active - fundamental and active - other	100			Total	100%	
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FI 01.2	Additional information. [Optional]
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Note that SSA securities generally do not fall within the scope of Zurich's ESG integration approach (see OO 11.3 for rationale and details). Stated SSA numbers include municipal securities, to which the Group's ESG integration approach applies. Other references made to SSA securities in this section refer to Zurich's dedicated green bond mandate (see also SG 17.2).

FI 03	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.
----------------	-----------------------------------------------------------------------------------------------------------------

SSA	Developed markets	90
	Emerging markets	10
	Total	100%

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

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

FI 03.3 Additional information. [Optional]

Note that SSA securities generally do not fall within the scope of Zurich's ESG integration approach (see OO 11.3 for rationale and details). Stated SSA numbers include municipal securities, to which the Group's ESG integration approach applies. Other references made to SSA securities in this section refer to Zurich's dedicated green bond mandate (see also SG 17.2).

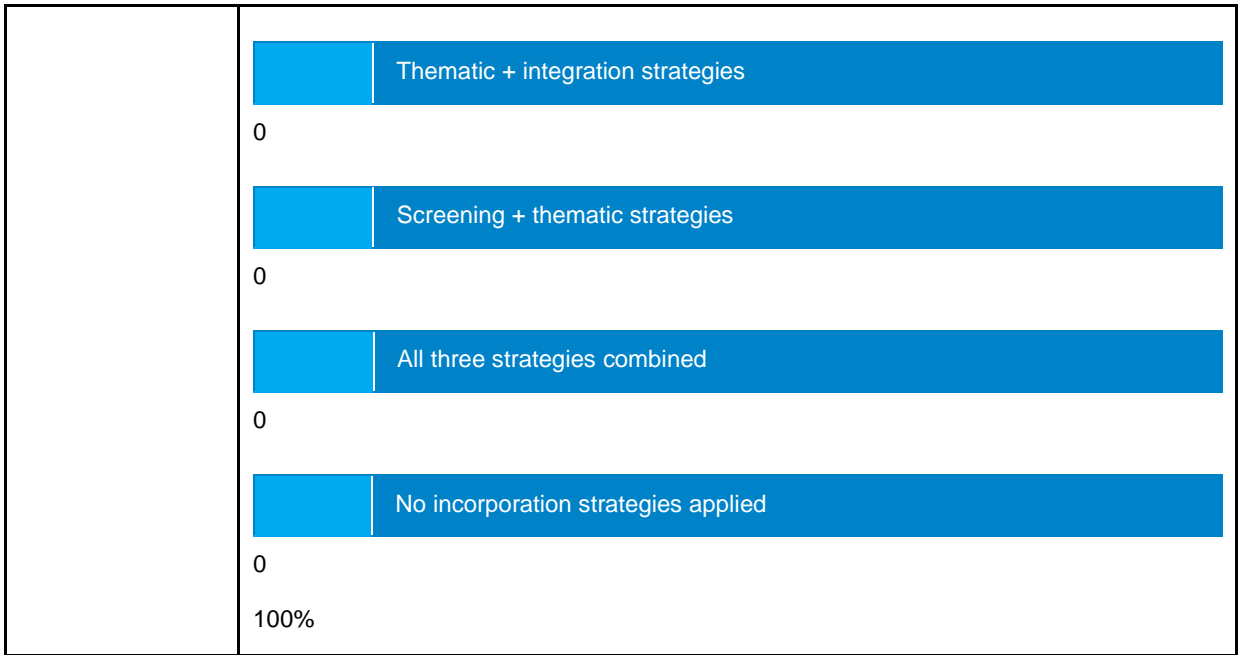
ESG incorporation in actively managed fixed income

Implementation processes

FI 04	Mandatory	Public	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.

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>100</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>0</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	0	Thematic alone	100	Integration alone	0	Screening + integration strategies	0	Thematic + integration strategies	0	Screening + thematic strategies	0	All three strategies combined	0	No incorporation strategies applied	0	Total	100%
Strategy	Percentage																				
Screening alone	0																				
Thematic alone	100																				
Integration alone	0																				
Screening + integration strategies	0																				
Thematic + integration strategies	0																				
Screening + thematic strategies	0																				
All three strategies combined	0																				
No incorporation strategies applied	0																				
Total	100%																				
Corporate (financial)	<table border="1"> <thead> <tr> <th>Strategy</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Screening alone</td> <td>14</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>86</td> </tr> <tr> <td>Total</td> <td>86</td> </tr> </tbody> </table>	Strategy	Percentage	Screening alone	14	Thematic alone	0	Integration alone	0	Screening + integration strategies	86	Total	86								
Strategy	Percentage																				
Screening alone	14																				
Thematic alone	0																				
Integration alone	0																				
Screening + integration strategies	86																				
Total	86																				



Corporate (non-financial)	Screening alone	34
	Thematic alone	0
	Integration alone	0
	Screening + integration strategies	66
	Thematic + integration strategies	0
	Screening + thematic strategies	0
	All three strategies combined	0
	No incorporation strategies applied	0
	100%	

FI 04.2 Describe your 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 17.2 for details)

Screening applies to all direct corporate bond investments. Refer to OO 11.3 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 12.3, 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 17.2.

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 required 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 insurance businesses 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	Public	Core Assessed	PRI 1
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FI 05.1	Indicate which ESG factors you systematically research as part of your 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

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

FI 05.3	Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.
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Zurich provides in-house asset management teams access to ESG data and research provided by MSCI. Zurich also encourages portfolio managers and analysts to monitor a variety of ESG information sources and use any available ESG research provided by brokers. (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 generally do not fall within the scope of Zurich's ESG integration approach (see OO 11.3 for rationale and details). Stated SSA numbers include municipal securities, to which the Group's ESG integration approach applies. Other references made to SSA securities in this section refer to Zurich's dedicated green bond mandate (see also SG 17.2).

FI 06	Mandatory	Public	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
--	---------------------

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	Public	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 your approach to screening for 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	Public	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 issuers from your investable universe.
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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.

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 mainly consists of UN-sanctioned weapons (banned 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.

FI 09	Voluntary	Public	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 checked="" type="checkbox"/> Environmental <input 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 palm oil production in Indonesia and, separately, concerns around fracking operations in North America were raised through Zurich's corporate responsibility in business transactions process and reviewed by the relevant decision team. Engagement was conducted and mitigating actions identified. The decision team decided not to recommend exclusion.</p>

- Example 3
- Example 4
- Example 5

FI 10	Mandatory	Public	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	<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 used to manage other types of guideline breaches.

(B) Implementation: Thematic

FI 11	Mandatory to Report Voluntary to Disclose	Public	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.
---------	-------------------------------------------------------------------------------------------------------------------------------------

- 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. As of December 31, 2016, Zurich has invested USD 1.4 billion in green bonds as well as USD 200 million in social and sustainable (green and social mixed use) bonds. (See also SG 06.1.) In our view, the unique characteristic of green, social and sustainable 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 in particular 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, social and sustainable bonds.

Impact objectives for green bonds

- 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., as well as social and sustainability bonds.

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, social and sustainability 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 co-chair and 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 17.2 for further details on Zurich's impact investing approach.

FI 12	Mandatory	Public	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.
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Zurich monitors all available reporting and seeks to actively engage with the issuers of green bonds held in the portfolio. Zurich regularly engages with relevant issuers and held discussions directly with many issuers represented in our 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	Public	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				
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FI 14	Mandatory	Public	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 2016, all major investment teams adhered to the minimum standards.

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	Public	Core Assessed	PRI 1
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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** **Public** **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)	<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)	<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 products 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	Public	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	Public	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	<p><input checked="" type="radio"/> >50%</p> <p>FI 18.2 Indicate your motivations for conducting engagement.</p> <p><input type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure)</p> <p><input type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity)</p> <p><input checked="" type="checkbox"/> Other, specify</p> <p>other description</p> <p>Zurich engages extensively with green bond issuers across the different fixed income sectors</p> <p><input type="radio"/> 26-50%</p> <p><input type="radio"/> 5-25%</p> <p><input type="radio"/> More than 0%, less than 5%</p> <p><input type="radio"/> We do not engage</p>
Corporate (financial)	<p><input type="radio"/> >50%</p> <p><input type="radio"/> 26-50%</p> <p><input type="radio"/> 5-25%</p> <p><input checked="" type="radio"/> More than 0%, less than 5%</p> <p>FI 18.2 Indicate your motivations for conducting engagement.</p> <p><input type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure)</p> <p><input type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity)</p> <p><input checked="" type="checkbox"/> Other, specify</p> <p>other description</p> <p>Zurich engages extensively with green bond issuers across the different fixed income sectors</p> <p><input type="radio"/> We do not engage</p>
Corporate (non-financial)	<p><input type="radio"/> >50%</p> <p><input type="radio"/> 26-50%</p> <p><input type="radio"/> 5-25%</p> <p><input checked="" type="radio"/> More than 0%, less than 5%</p> <p>FI 18.2 Indicate your motivations for conducting engagement.</p> <p><input checked="" type="checkbox"/> To gain insights into ESG (i.e. enhance disclosure)</p> <p><input type="checkbox"/> To effect change (i.e. ask an issuer to manage ESG risk and/or opportunity)</p> <p><input checked="" type="checkbox"/> Other, specify</p>

other description
Zurich engages extensively with green bond issuers across the different fixed income sectors <input type="radio"/> We do not engage

FI 18.3	Additional information.[OPTIONAL]
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In 2016, a strategy for engagement was formulated and all major teams have started to more systematically discuss material ESG issues with issuers as part of regular issuer interaction. In all these cases, engagement is driven by the portfolio managers and/or analysts directly, with the objective to generate insight as part of the investment process. However, only examples, rather than comprehensive overviews, of these interactions are collected from the different investment teams.

Note that references made to SSA securities in this section refer to Zurich's dedicated green bond mandate (see also SG 17.2).

FI 19	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

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.)
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Select all that apply

Type of engagement	SSA	Corporate (financial)	Corporate (non-financial)
Individual/Internal staff engagements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service provider engagements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not engage with issuers as a fixed income investor or as both a fixed income and listed equity investor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FI 19.2	Indicate how your organisation prioritises engagements with issuers
----------------	---------------------------------------------------------------------

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
Based on potential materiality of ESG factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Based on systemic risks to global portfolios	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Based on our exposure (holdings) to ESG risks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not prioritise engagements with issuers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If 'other' has been selected, please give a description

Zurich engages extensively with green bond issuers across the portfolio.

FI 19.3

Indicate when your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
Engagements are conducted pre-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Engagements are conducted post-investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not conduct engagements with issuers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If 'other' has been selected, please give a description

Zurich engages extensively with green bond issuers across the portfolio.

FI 19.4

Indicate how your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We systematically engage prior to ESG-related divestments	<input type="checkbox"/>	<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"/>	<input checked="" type="checkbox"/>
We engage in reaction to ESG issues which have already affected the issuer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Investment and ESG analysts systematically conduct ESG-related engagements together	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not conduct engagements with issuers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If 'other' has been selected, please give a description

Zurich engages proactively with green bond issuers with a focus on issuers' green bond frameworks and specifically impact reporting.

FI 19.5

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (financial)	Corporate (non-financial)
We conduct engagements with individual issuers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
We conduct engagements across sectors and industries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We conduct engagements on specific ESG themes (e.g. human rights)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
We do not conduct engagements with issuers	<input type="checkbox"/>	<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 (financial)	Corporate (non-financial)	
We have a systematic process to ensure the outcomes of engagements are made available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We occasionally make the outcomes of engagements available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other, describe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
We do not make this information available	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
We do not share the outcomes of the engagements internally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

FI 19.7 Additional information.[OPTIONAL]

In 2016, a strategy for engagement was formulated and all major teams have started to more systematically discuss material ESG issues with issuers as part of regular issuer interaction. In all these cases, engagement is driven by the portfolio managers and/or analysts directly, with the objective to generate insights as part of the investment process. However, only examples, rather than comprehensive overviews, of these interactions are collected from the different investment teams.

Note that references made to SSA securities in this section refer to Zurich's dedicated green bond mandate (see also SG 17.2). Zurich engages extensively with green bond issuers.

FI 20	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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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	Public	Additional Assessed	General
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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	Public	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
Health impact of tobacco products.
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
Maintained significant underweight position in multiple issuers due expected reaction to long-term health impacts in tobacco growth markets.

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
Malaysian property developer; steel company; and company in the automotive sector.
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
Did not invest in any of the three issuers due to specific governance concerns; two issuers faced rating downgrades, one defaulted.

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
Analysed potential impact of 'Dieselgate' spread to other auto companies. Maintained position in potentially affected issuer based on analysis conducted.

- Example 4
- Example 5

Communication

FI 23	Mandatory	Public	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	Public	Descriptive	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

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 Provide a breakdown of your organisations allocation to Real Estate Investment Trusts (REITs) or similar

- >50%
- 10 – 50%
- <10%
- 0%

PR 01.3 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	Public	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	Public	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	Mandatory	Public	Core Assessed	PRI 1-6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 04.1	Indicate if your organisation has a Responsible Property Investment (RPI) policy.
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Yes

PR 04.2	Provide a URL or attach the document
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URL

https://www.zurich.com/_/media/dbe/corporate/docs/corporate-responsibility/sustainable-real-estate-management-zurich-imre-ag.pdf?la=en&hash=862B43AA277DA07406AEB3C8C707263DDB5CC41D

Attach Document

Sustainable real estate management Zurich IMRE AG (6).pdf [696KB]

No

PR 04.3

Provide a brief overview of your organisation's approach to responsible investment in property, and how you link responsible investment in property to your business strategy.

Sustainability is captured as an explicit element in Zurich's real estate investment strategy. In 2016, responsible investment practices were integrated into Zurich's global real estate investment guidelines. The guidelines define a global framework centered on sustainability scoring for all properties, supplemented by local best practices to reduce CO2 emissions, water consumption and waste, and to increase the share of labeled properties in the portfolio. The global framework is in the process of implementation, which is expected to be a multi-year process.

The majority of the portfolio of real estate assets is managed in Switzerland, representing 54 percent of Zurich's real estate portfolio by value. For the remainder of this module, answers will reflect local best practices for Switzerland, based on the following elements:

4. Sustainability strategy with a specific target to reduce energy consumption and CO2 emissions by 20 percent by 2020, and 80 percent by 2050.
5. Sustainability targets are reflected in the operational optimisation implementation plan, with a specific focus on energy efficiency and the use of renewable energy sources
6. Sustainability best practices for all relevant ESG factors are reflected in project management guidelines to support decision-making at an asset-by-asset level

To achieve these objectives, Zurich introduced processes that reflect its focus on sustainability in real estate transactions, development and property management.

Pre-investment (selection)

PR 07

Mandatory

Public

Gateway/Core Assessed

PRI 1

New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 07.1

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

Yes

PR 07.2

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 07.3

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 per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

Description [OPTIONAL]

Set minimum requirement of energy efficiency rating for all appliances.

List up to three typical examples per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

Description [OPTIONAL]

Set explicit reduction targets at the portfolio level.

List up to three typical examples per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

Description [OPTIONAL]

Accessibility by public transport is key aspect in property evaluation.

- Social

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Description [OPTIONAL]

Direct and indirect impacts on health, safety and wellbeing are assessed as part of property evaluation.

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Description [OPTIONAL]

Accessibility for tenants with disabilities is assessed as part of property evaluation.

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other
- Governance

PR 07.4 Additional information. [Optional]

Note: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

PR 08	Voluntary	Public	Additional Assessed	PRI 1,3
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 08.1	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 08.2	Provide a brief description of how this ESG information was incorporated into your investment selection process.
----------------	------------------------------------------------------------------------------------------------------------------

ESG factors are fully integrated into Zurich's real estate transaction management process. 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. Specifically, as part of the due diligence process, 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.

Note: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

PR 09	Mandatory	Public	Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 09.1	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
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 09.2

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
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 09.3

Additional information.

Please refer to PR 08.2 for details.

Note: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

Selection, appointment and monitoring third-party property managers

PR 10

Mandatory

Public

Core Assessed

PRI 4

New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 10.1

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

- Yes

PR 10.2

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

- Selection process of property managers incorporated ESG issues
- Contractual requirements when appointing property managers includes ESG issues
- Monitoring of property managers covers ESG responsibilities and implementation

Types of actions

- Performance against quantitative and material environmental / resource targets over specified timeframe.
- Performance against quantitative and material environmental / resource targets against relevant benchmarks
- Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment,
- Other, explain

	Coverage
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- 75-100%
- 50-75%
- 25 – 50%
- 0 – 25%

No

PR 10.3	Provide a brief description of your organisations selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.
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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

Zurich regularly discusses energy efficiency and other ESG factors with property managers and relies on property managers to collect data related to energy consumption.

Note: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

Post-investment (monitoring and active ownership)

Overview

PR 11	Mandatory	Public	Gateway	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 11.1	Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.
----------------	-----------------------------------------------------------------------------------------------------------------------------------------------

Yes

PR 11.2	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 major renovations.
- 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 11.3 Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

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 19 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

Property monitoring and management

PR 12 **Mandatory** **Public** **Core Assessed** **PRI 2,3**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 12.1 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 12.2 Indicate which ESG targets your organisation and/or property managers typically set and monitor

- Environmental

Target/KPI	Progress Achieved
Energy consumption (20 percent reduction by 2020 vs 2010 baseline; 80 percent reduction by 2050)	-5%
CO2 emissions (20 percent reduction by 2020 vs 2010 baseline; 80 percent reduction by 2050)	-6%

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

PR 12.3	Additional information. [Optional]
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See PR 04.3 for further details.

Note: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. ESG targets apply to 56 percent of global direct investment properties by number.

PR 13	Voluntary	Public	Descriptive	PRI 2
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PR 13.1	Indicate whether your property assets are assessed against certification schemes, ratings and/or benchmarks
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- Yes
- No

PR 13.3	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: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

Property developments and major renovations

PR 14	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 14.1	Indicate the proportion of active property developments and major renovations where ESG issues have been considered.
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- >90% of active developments and major renovations
- 51-90% of active developments and major renovations
- 10-50% of active developments and major renovations
- <10% of active developments and major renovations
- N/A, no developments and major renovations of property assets are active

(by number of active property developments and refurbishments)

PR 14.2	Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.
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- Environmental site selection requirements
- Environmental site development requirements
- Sustainable construction materials
- Water efficiency requirements
- 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
- Resilient building design and orientation
- Other, specify

PR 14.3	Additional information. [Optional]
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For all property developments and refurbishments, Zurich's real estate investment managers will determine the optimal mix of measures to achieve energy consumption and CO2 emission targets, as well as other sustainability considerations in line with the operational optimization plan and sustainability best practices defined in project management guidelines. Measures taken will depend on a property's location, whether buildings remain fully or partially occupied during refurbishments, and other factors.

Note: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

Occupier engagement

PR 15	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 15.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- >90% of occupiers
- 51-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

(in terms of number of occupiers)

PR 15.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Offer green leases
- Other, specify

PR 15.3	Additional information. [Optional]
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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: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

PR 16	Voluntary	Public	Additional Assessed	PRI 2
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PR 16.1	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				
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PR 18	Voluntary	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 18.1	Indicate whether your organisation measures how your approach to responsible investment in property investments has affected financial and/or ESG performance.
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- 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 18.3	Describe how you are able to determine these outcomes.
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Zurich aims to include savings from energy efficiency in investment decisions at the individual 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. See PR 12.2 for detail on the impact on ESG performance.

Note: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.

PR 19	Voluntary	Public	Descriptive	PRI 1,3
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PR 19.1	Provide examples of ESG issues that affected your property investments during the reporting year.
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Add Example 1

ESG issue	Energy consumption / CO2 emissions
Types of properties affected	Demolition and new construction of a multi-family building with ground floor retail, Zurich.
Impact (or potential impact) on investment	<ul style="list-style-type: none"> • Energy consumption reduced by 65 percent • CO2 emissions reduced by 58 percent
Activities undertaken to influence the investment and the outcomes	<ul style="list-style-type: none"> • Connected property to long-distance heat supply system • Achieved energy performance to 'Minergie' standard

Add Example 2

ESG issue	Energy consumption & emissions, social factors
Types of properties affected	Demolition and new construction of 7 multifamily houses, Zurich.
Impact (or potential impact) on investment	<ul style="list-style-type: none"> • Energy consumption reduced by 73 percent • CO2 emissions reduced by 84 percent • Achieved energy performance to 'Minergie-P-Eco' standard • Improved natural lighting and indoor climate • Increased lettable area by 100% on same land (denser construction, less use of land per inhabitant)
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 from heating oil to river-water-heat-pump

Add Example 3

ESG issue	Energy consumption / CO2 emissions
Types of properties affected	Refurbishment of office building, Madrid
Impact (or potential impact) on investment	<ul style="list-style-type: none"> • Energy consumption reduced by 67 percent • CO2 emissions reduced by 65 percent
Activities undertaken to influence the investment and the outcomes	Energy performance improved to LEED Platinum standard through insulation of roof and building shell; upgraded HVAC installations; new windows.

Add Example 4

Add Example 5

Communication

PR 20	Mandatory	Public	Core Assessed	PRI 6
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PR 20.1 Indicate if your organisation proactively discloses ESG information on your property investments.

Disclose publicly

provide URL

<https://www.zurich.com/ /media/dbe/corporate/docs/corporate-responsibility/sustainable-real-estate-management-zurich-imre-ag.pdf?la=en&hash=862B43AA277DA07406AEB3C8C707263DDB5CC41D>

provide URL

<https://www.zurich.com/en/corporate-responsibility/measuring-our-progress>

PR 20.2 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 20.3 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 20.4

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 20.5

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 20.6

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 on the zurich.com webpage at <https://www.zurich.com/en/corporate-responsibility/measuring-our-progress>

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

PR 20.9

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: Answers in this section represent local best practice for Switzerland, where 54 percent of Zurich's real estate investments by value are held. The global framework described in PR 04.3 is currently being rolled out.