

# Shareholder Rights Directive II

## How does Zurich Eurolife S.A. comply?

Last update: February 2022

The Shareholder Rights Directive 2017/828 (SRD II) amends Directive 2007/36 (SRD I) and promotes long-term shareholder engagement and enhances the transparency between EU-listed companies and their investors. Zurich Eurolife S.A. ("Zurich") is an institutional investor in various EU markets and complies with the requirements set out in the Directive.

### 1. Engagement policy (Article 3g)

Zurich has chosen not to develop and publicly disclose its own engagement policy describing how it integrates shareholder engagement in its investment strategy. This decision has been taken for the following reasons:

Zurich currently only offers Group Risk and unit-linked Group Savings products, investing in bonds and UCITS funds, respectively.

#### - Group Risk

The bonds and one UCITS fund (technical reserves) underlying Zurich's Group Risk products are managed by the Investment Management team of the Zurich Group ("Zurich Group") under a Service Level Agreement for investment management services ("SLA"). Zurich Group has an engagement policy in place, which can be found in the appendix of the Zurich Group's [Responsible Investment White Paper](#).

#### - Group Savings

Zurich has engaged Russell Investment France SAS ("Russell") as its investment advisor regarding the UCITS funds available under its Group Savings. Russell has an engagement policy in place, which can be found under [Russell Engagement Policy](#).

The part of the portfolio where Russell is not acting as the investment advisor consists (i) of funds that have been integrated into specific Group Savings policies on specific customers' request and (ii) of a guaranteed fund transferred in the framework of the portfolio transfer from La Mondiale Europartner S.A.

### 2. Equity investment strategy (Article 3h par. 1)

#### - Group Risk

The Group Risk products (technical provisions) are only invested in bonds and one UCITS fund. For the Group Risk products, Zurich Group is verifying the consistency of investments with the profile and duration of liabilities.

- Group Savings

The Group Savings products are only invested into UCITS funds and are of a unit-linked nature. The selection of UCITS funds is driven by Russell as Zurich's investment advisor and occasionally by specific customer requests.

### 3. Arrangements with asset managers (Article 3h par. 2)

a) How does the arrangement with the asset manager incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the liabilities of the institutional investor, in particular long-term liabilities?

- Group Risk

At Zurich, Group Investment Management always aims to appoint the most suitable manager for each portfolio, whether internal or external.

More information about Zurich's investment philosophy can be found in [Zurich's Value Creation Paper](#), a full chapter in our [Responsible Investment White Paper](#) talks about Zurich's process behind external manager selection, as well as how Zurich expects external asset managers to comply with its [responsible investment strategy](#), including ESG integration, and active ownership such as proxy voting and engagement.

- Group Savings

The Group Savings products are only invested into UCITS funds and are of a unit-linked nature. The selection of UCITS funds and their corresponding asset managers are driven by Russell as Zurich's investment advisor and occasionally by specific customer requests. Due Diligence on the UCITS funds is performed by Russell in order to ensure that risk appetite is aligned with customer strategy.

b) How does that arrangement incentivises the asset manager to make investment decisions based on assessments about medium to long-term financial and non-financial performance of the investee company and to engage with investee companies in order to improve their performance in the medium to long-term?

- Group Risk

Performance management is an integral part of Zurich's investment philosophy. Another integral part is being a responsible investor, which means fully integrating ESG criteria into our investment process. Further details about Zurich's investment philosophy can be found in [Zurich's Value Creation Paper](#) and full details on how we apply ESG integration can be found in our [Responsible Investment White Paper](#).

- Group Savings

The Group Savings products are only invested into UCITS funds and are of a unit-linked nature. The selection of UCITS funds and their corresponding asset managers are driven by Russell as Zurich's investment advisor and occasionally by specific customer requests. Due Diligence on the UCITS funds is performed by Russell in order to ensure that risk appetite is aligned with customer strategy.

c) How are the method and time horizon of the evaluation of the asset manager's performance and the remuneration for asset management services in line with the profile and duration of the liabilities of the institutional investor, in particular long-term?

- Group Risk

We formally assess all portfolios and asset managers on a quarterly basis on both service and performance. All assessments are recorded and underperforming portfolios are put on a watchlist and treated as is specified in our policies. Consistently underperforming managers are de-selected and portfolios assigned to a new asset manager.

We direct the asset manager with the investment guidelines which determine how they have to invest the funds. If the liabilities are long, so will be the duration of the portfolios.

We do not tie remuneration of asset managers to performance or other portfolio outcomes, as we believe that this sets wrong incentives. We pay our asset managers a management fee which is competitive, considering asset class and size of investments.

- Group Savings

The Group Savings products are only invested into UCITS funds and are of a unit-linked nature. Zurich review performance of its UCITS fund portfolio on a regular basis through its Investment Committee and bi-annual meetings with Russell.

d) How does the institutional investor monitor portfolio turnover costs incurred by the asset manager and how it defines and monitors a targeted portfolio turnover or turnover range?

- Group Risk

During the selection process for a new manager we compare these cost as well as the average portfolio turnover and will take these factors into consideration in our final decision. We tend not to select asset managers with high turnover and/or high costs.

Furthermore and depending on the mandate we might set restrictions on turnover per year.

In portfolios where there is no turnover restriction, Zurich's responsible CIO of the unit will seek the discussion with the portfolio manager if the turnover or cost is greater than expected and will seek to find a solution if the turnover is needlessly high.

- Group Savings

The Group Savings products are only invested into UCITS funds and are of a unit-linked nature. Zurich review performance of its UCITS fund portfolio on a regular basis through its Investment Committee and bi-annual meetings with Russell.

e) What is the duration of the arrangement with the asset manager?

- Group Risk

The Group Risk products are only invested in bonds and one UCITS fund.

- Group Savings

The Group Savings products are only invested into UCITS funds.