Irish Life

Life \ Pensions \ **Investments**

# Responsible Investment Policy **June 2023**

Helping people build better futures

# Introduction

Irish Life Assurance Plc (“ILA”) as part of the Great-West Lifeco group of companies, holds corporate and social responsibility as a core principle which helps our customers, our staff and our communities to build better futures. It guides us in our approach to responsible investment, climate change and risk management.

We consider ‘Responsible Investment’ as the integration of Environmental, Social and Corporate Governance (‘ESG’) considerations into investment decision making and stewardship practices.

ILA recognise that ESG factors provide additional information for investment decision making and can have an impact on the long-term performance of our investments in terms of both the risk and returns of our assets. We believe that incorporating such financially material factors (alongside other financial factors) into our investment decision making and stewardship practices is consistent with our fiduciary responsibilities.

The purpose of this Responsible Investment Policy (“Policy”) is to outline the ILA responsible investment principles and to set out how these are to be incorporated into our requirements for the investment activities and practices.

This Policy forms part of the ILA Investment Policy as approved by the ILA Board of Directors and is subject to compliance with the Investment Policy.

The regulatory landscape, the expectations of our clients’ and wider stakeholders’ and the availability of ESG data are all evolving and dynamic. In addition, given the broad array of ESG factors, this Policy does not prescribe the investment treatment of each ESG issue that could affect our investments or our approach to addressing all ESG factors. Instead, this Policy sets out our principles-based approach to addressing ESG factors in our investment decision making and ownership practices.

We acknowledge we are part of an ongoing ESG journey. We expect that our approach will evolve over time to reflect changes in business practices, structures, technology, and regulations.

## 1. Our investment responsibilities

ILA’s investment responsibilities can be summarised across two distinct categories:

> **General account assets:** these are non-unit linked, non-profit invested assets.

> **Policyholder assets:** these relate to unit-linked and a small portfolio of with-profits assets, held for the benefit of policyholders. Policyholders assets are invested in funds which are additionally categorised under the Sustainable Finance Disclosure Regulations (SFDR) as follows:

- **Article 6:** funds which do not promote environmental and/or social characteristics or have a sustainability investment objective.
- **Article 8:** funds with environmental and/or social characteristics.
- **Article 9:** funds with a sustainable investment objective.

## 2. Sustainability principles and commitments

### (a) Sustainability Principles

In addition to the Investment Principles set out in Section 3 of the Investment Policy, ILA adopts the following additional Sustainability Principles;

> We take a long-term approach and consider ESG factors that have the potential to have a financially material impact on our investments while considering the time horizon of the respective investment strategies and the individual relevant ESG issues. Where material trade-offs exist, we seek to apply judgement in setting out a reasoned investment case that is consistent with our fiduciary duty and overall investment strategy.

> We recognise the crucial role of companies and industries in the global economy and the need for their transformation to enable the creation of a more sustainable economy. We believe that, as an active owner, we have the ability to influence investee corporate behaviour to transition towards a sustainable future and support their longer-term success of such companies and generally, believe this is more effective than excluding companies from investment portfolios.

> We recognise the power of our voice within our Industry and being an advocate for our stakeholders best interests. We aim to use our influence as a global investor and asset owner to drive positive change in sustainability policy and corporate standards.

### (b) Sustainability Commitments

ILA has identified Climate Change, Human Rights and Corporate Governance as key investment priorities which govern our responsible investment approach given their importance for the long-term sustainability of all businesses and society as a whole.

ILA has committed to achieve net zero for its financed emissions by 2050. This commitment includes ILA's general account assets.

## 3. Scope

This Policy aligns with the scope of the Investment Policy as set out in Section 1.1 of the Investment Policy.

### In Scope Assets

This Policy only applies to the assets managed on behalf of ILA by the following investment managers who are appointed by ILA as "primary Investment managers".

**Table 1: ILA Primary Investment Managers**

| Primary Investment Manager |
|---|
| Irish Life Investment Managers Limited (ILIM) |
| Setanta Asset Management Limited (Setanta) |
| Canada Life Asset Management Limited (CLAM) |

In addition, ILA sets out specific investment criteria (refer to Section 4 of this Policy) for 'in scope assets', which are defined as assets managed in respect of:

> General account assets; and

> Policyholder assets that are invested in internally managed (proprietary) funds categorised under Article 8 or 9 under SFDR.

### Exceptions to this Policy

Asset classes: ILA recognises that the availability of data and the ability to integrate ESG considerations is less well developed in certain asset classes than others.

> This Policy does not apply to the following types of investments: cash or money market instruments, sovereign fixed income and unlisted investments.

> This will be reviewed over time.

Policyholder assets: ILA recognises that there is a need to provide investment choice to customers, their financial advisers and institutional clients.

> ILA recognises that there may be exceptions to the application of this Policy which arise, for example where a specific policyholder/client fund is designed to track a specific index in which case the fund mandate must supersede the requirements set out in this Policy.

> This Policy does not prescribe minimum responsible investment criteria for policyholder assets or assets managed by its investment managers outside of those falling into the definition of 'in scope assets'.

> For externally managed funds, the approach to responsible investment will be determined by the respective fund and detailed in the relevant fund documentation.

**Materiality and proportionality:** ILA accepts that there may be circumstances where the application of this Policy is not relevant to certain asset classes or types of investment or where it may not be practical or proportionate to apply it because of the investment strategy or due to the specific investment outcomes targeted by the respective investment strategy.

## 4. Minimum investment criteria

ILA applies the following approach to the investment of 'in scope assets'.

### a) Minimum Investment Requirements

ILA sets minimum investment requirements and exclusions for its 'in scope assets' and considers screening as the set of filters to determine which companies, sectors or activities are eligible for investment.

ILA sets out the following minimum investment requirements:

I. Companies eligible for investment are expected to operate within internationally accepted norms and standards related to human rights, labour rights, the environment, and business ethics. ILG expect our primary investment managers to use norms-based screening to identify companies that egregiously violate global norms in the areas of human rights, labour rights, the environment, and business ethics.

II. Companies may be excluded from investment where their businesses or activities breach our sustainability principles, and where we believe engagement is either inappropriate or would be ineffective in influencing positive change.

   a. This exclusion criterion is reviewed at least annually.

   b. This exclusion criteria may differ between the General Account Assets and Policyholder Assets, as may be deemed appropriate, from time to time.

   c. To the extent there is a change in the exclusion criterion, this Policy recognises that it may be appropriate for divestment to take place over time. The appropriate period of divestment for existing holdings will be agreed between the primary investment manager and ILA's Executive Investment Management Committee (EIC).

ILA has enabled our primary investment managers to adopt their own approach to minimum investment criterion and /or exclusions, over and above our Exclusion Criterion.

### b) Integration

ILA considers integration as the consideration of financially material ESG factors into the management of investments ('integration' or 'integrate' as the context requires).

ILA expects the investment management of 'in scope assets' to integrate ESG factors into the investment decision making process.

Having reviewed their approach, and subject to ongoing reporting and monitoring, ILA have enabled our primary investment managers to adopt their own approach, which may differ by asset class, investment style or mandate, to the application of ESG considerations based on their own policies. There may be circumstances where such ESG factors are not relevant to certain asset classes or types of investment or where it may not be practical or proportionate to apply them because of the investment strategy or due to the specific investment outcomes targeted by the respective investment strategy.

## 5. Voting and engagement

ILA considers active ownership as the use of the rights and position of shareholdings in investee companies to influence the activities or behaviour of such companies, including by engagement and voting activities.

Having reviewed their approach, and subject to ongoing reporting and monitoring, ILA have enabled our primary investment managers to adopt their own approach to exercising voting rights, as well as constructively engaging with investee companies, to promote better sustainable practices and outcomes in investee companies.

## 6. Sustainability risks

Under SFDR and its supporting legislation, 'sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

ILA requires our primary investment managers to have policies and/or procedures in place to consider sustainability risks in their investment decision making and which consider and reflect any appropriate regulatory guidance.

Having reviewed their approach, and subject to ongoing reporting and monitoring, ILA have enabled our primary investment managers to adopt their own approach, which may differ by asset class, investment style or mandate, to the application of the identification, consideration and management of sustainability risks based on their own policies.

## 7. Principal adverse impacts

Under SFDR, 'Principal Adverse Impacts' (PAI) is defined as "the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters".

ILA expect our primary investment managers to have policies and/or procedures in place to manage PAI within their investment decision making impacts in relation to In Scope assets managed on our behalf. However, for clarity, we do not require that our primary investment managers comply with the PAI disclosure regime at an Entity level in their own right.

Having reviewed their approach, and subject to ongoing reporting and monitoring, ILA have enabled our primary investment managers to adopt their own approach, which may differ by asset class, investment style or mandate, to the identification and prioritisation of principal adverse impacts, based on their own policies.

SFDR specifies a number of mandatory indicators and ILA, in conjunction with our primary investment managers, will select the additional voluntary indicators which are deemed most appropriate for disclosure.

## 8. Oversight and monitoring

ILA reviews the implementation of this Policy in accordance with ILA Investment Policy.

This review captures (but is not limited to) the following key aspects.

(a) to the extent it is available, the score in the United Nations Principles for Responsible Investment (UNPRI) assessment report each year, if applicable, or another such recognised standard acceptable to ILA;

(b) the proportion of ILA's total assets under management that formally integrate ESG into their investment processes;

(c) the engagement and proxy voting activities undertaken on behalf of ILA; and

(d) the outcomes of the identification and prioritisation of principal adverse impacts.

## 9. Governance

This Policy is owned and reviewed, annually or more frequently if required, by the ILA Board of Directors.

Given the dynamic and evolving nature of the investment landscape, ILA is committed to keeping this Policy under review.

## 10. References

The following are directly relevant to the Policy:

> Investment Policy

> Code of Conduct (including Conflicts of Interest Management)

**Please note: the items listed above are for guidance and information only.**
**They are not an exhaustive list of all internal and external documentation that may be relevant.**