

Climate Action Pledge

October 2021



Preface

ILIM is committed to our sustainable investment journey, recognising the importance that our actions and our decisions have on the assets our clients entrust us with and the impact our decisions have on the broader environment and society. As an asset manager, we recognise the significant impact the risk that climate change can have on our clients' portfolios, as well as the opportunities presented, and have embedded addressing climate change into our investment approach.

ILIM has identified Climate change as being one of the priority themes which is guiding our approach to sustainable investment and is one of the key priority topics for our business.

This pledge sits within our ongoing commitment to Sustainable Investment and goes beyond a statement of ambition and sets out our action plan to deliver on this. Our pledge focuses on specific areas where we can meaningfully influence decisions and drive further change for the benefit of our clients' longer-term interests. ILIM commits to continuing to strengthen the governance and accountability of our executive leadership in relation to the progress of our Climate Change agenda.

Climate Action Pledge

Our Climate Action Pledge is to work in partnership and on behalf of our clients by using our influence in terms of investment decision making, risk management and public advocacy to accelerate and play a positive role in the Climate change agenda both within our own market and globally.

It is focused on six key areas:

- > Advocacy and leadership for Climate Action
- > Strengthen governance of the climate agenda
- > Integrate climate risk into overall risk management
- > Ensure the robustness of climate related exclusions policy
- > Integrate climate alignment into our proprietary portfolios and wider solution set
- > Use stewardship to accelerate the climate agenda at the companies in which we invest.

1. Advocate for climate action

ILIM commits to advocate for climate action with policy makers, investors, and industry groups, such as the Sustainable & Responsible Investment Forum (SIF) Ireland, Financial Services Ireland (FSI), and CDP (formerly the Carbon Disclosure Project). We particularly support mandatory climate disclosures and publicly support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Central to our Climate Action Pledge is working with our Asset Owner clients to support their own sustainability journeys and decarbonisation goals in terms of the portfolios we manage on their behalf. We commit to continue to inform, educate and engage with institutional clients, the trustees of occupational pension schemes, financial advisers, broker consultancies, our staff and the leadership of our group companies/affiliates around the measurement and management of climate risk.

We continue to engage publicly and collaboratively with other global investors on the climate change agenda including participation in initiatives such as the Principles for Responsible Investment (PRI), Carbon Disclosure Project (CDP), Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC).

2. Strengthen governance of the climate agenda

The Board of Directors is the decision-making body accountable for the company's sustainable investment strategy, which includes climate change. ILIM commits to continuing to strengthen the governance and accountability of our executive leadership with ensuring the progress of our Climate Change agenda.

3. Integrate climate risk into overall risk management

ILIM commits to and has an established process in place to ensure the ongoing monitoring, measuring and reporting on sustainability and ESG risks across our investment portfolio and through client reporting.

We publicly report on the climate metrics of our portfolios in line with the TCFD recommendations and will publicly report on our Principle Adverse Impact of our portfolios in line with the Sustainable Financial Disclosures Regulation.

4. Ensure the robustness of climate related exclusions policy

ILIM's Responsible Investment Policy, which applies across all of ILIM's proprietary solutions, currently applies the following climate-related screens: thermal coal revenue above 10% for extractors/producers, and above 25% for power generators; revenue above 10% for oil sands; and revenue above 10% for arctic oil. We commit to ensure the continued robustness of our climate-related exclusions policy.

5. Integrate climate alignment into portfolio construction

5.1. Measure temperature alignment of investments

In terms of investment emissions, ILIM commits to measure annually the Weighted Average Carbon Intensity (WACI) and the Relative Carbon Footprint of its portfolio of the assets we manage directly on behalf of our clients, following the TCFD recommendations. The Weighted Average Carbon Intensity (WACI) is the metric explicitly recommended by the TCFD for asset managers and asset owners. Furthermore, we commit to providing regular client disclosure in terms of climate change metrics.

ILIM commit to report publicly, on an annual basis, as recommended by the TCFD.

5.2. Adopt climate and sustainability focused solutions in our proprietary portfolios and wider solution set

In line with our 2019 commitment to the market to apply a climate and ESG lens to all investments in our proprietary portfolios, ILIM has transitioned its proprietary portfolios to climate and sustainability-focused portfolio construction and continues to apply this principle across the business.

In addition, ILIM has enhanced its solution set to provide access to a wide range of sustainable investment options for clients across asset classes and investment styles. ILIM commits to continuing to enhance and evolve this solution set to ensure we can continue to meet and enable our clients on their own sustainable investment journeys including to enable them meet their own Net Zero Ambitions.

6. Use stewardship to accelerate the climate agenda in the companies in which we invest

ILIM adopts an active ownership approach to promote better corporate behaviour in terms of sustainability and management of ESG risks. We commit to continue our engagement and voting activities to ensure companies are mitigating climate risks and embracing the opportunities of the transition to a low carbon economy. Our voting and engagement looks at climate change as a priority theme and is under continual review to strengthen our position with respect to setting climate related targets within our investee companies.

We participate in a number of global initiatives including CDP, IIGCC, CA100+ which are supporting action towards the net zero target. ILIM commits to increase our actions in terms of collaborating with other investors to request improved climate disclosures and targets from our investee companies.



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