



# Statement on principal adverse impacts of investment decisions on sustainability factors

Irish Life Investment Managers Limited  
Legal Entity Identifier: TWBHJZDB2TYBXZPLM625

## SUMMARY

Irish Life Investment Managers Limited (“ILIM”), TWBHJZDB2TYBXZPLM625, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts of investment decisions on sustainability factors of ILIM.

This statement on principal adverse impacts on sustainability factors (“PAI Statement”) covers the reference period from 1 January 2023 to 31 December 2023.

## OUR RESPONSIBLE INVESTMENT PRIORITIES

At ILIM, our purpose is to manage the assets entrusted to us by our clients responsibly, with the objective of delivering long-term sustainable returns in line with our clients’ investment objectives. We apply our responsible investing approach when managing our clients’ assets (“Portfolios”) where we have the discretion to do so. Whether or not we have discretion is dependent on the instructions given to us by the relevant client in relation to their Portfolio (“Mandate”). We have full discretion when our clients have directed us to manage their Portfolio in line with one of our proprietary solutions i.e. an ILIM designed investment strategy (“Proprietary Solutions”). Where a client makes its own decisions as to how its assets should be invested (“Client Directed Mandate”), our ability to apply some or all of our responsible investment processes may be curtailed.

ILIM has identified Climate Change, Natural Capital, Human Rights, and Corporate Governance as the key investment priorities which govern our responsible investment approach.

Consequently, we prioritise the following sustainability factors when managing our clients’ Portfolios where we have discretion on the investment decisions:

- > Greenhouse gas (“GHG”) emissions (PAI 1-6)
- > Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10)
- > Board gender diversity (PAI 13)
- > Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (PAI 14)

We recognise that the regulatory landscape, the expectations of our clients and wider stakeholders, the availability of data and industry accepted methodologies are all evolving and dynamic. ILIM’s investment approach remains flexible and is expected to continue to progress and adapt over time in order to meet our clients’ needs and expectations. Any such changes will be reflected in our future PAI Statements.

## INFLUENCE ON SUSTAINABILITY FACTORS

As an asset manager, we seek to manage the principle adverse impacts on sustainability factors (“Principle Adverse Impacts” or “PAIs”) in respect of the PAIs that we prioritise, and subject to having the discretion to do so under the relevant Mandate. We seek to do so via our responsible investment framework which uses the following approaches:

- > Integration activities: These are a combination of screening management and the integration of sustainability factors into the investment process (“Investment Integration”) to enhance the sustainability outcomes across our clients’ Portfolios.
- > Stewardship activities: These involve direct engagements (where ILIM engages unilaterally with investee companies), collaborative engagements (where ILIM, along with other investors, engages collectively with investee companies) and voting on our clients’ behalf in resolutions of investee companies.

The degree by which PAIs are considered and/or action is taken to mitigate PAIs in the investment process depends on a number of factors, such as, the investment strategy being applied to the relevant Portfolio, the discretion afforded to ILIM by the relevant client, the nature of the asset in which the Portfolio is invested and the availability of reliable data.

## IN-SCOPE ASSETS

The primary purpose of this PAI Statement is to disclose the data indicated in the tables below (“PAI Indicators”) in accordance with the requirements of the Sustainable Finance Disclosures Regulation (“SFDR”). This requires us to provide measurements or information to the extent available to us but it is not always possible to do so accurately or completely due to the nature of our investments and the lack of accurate or available data.<sup>1</sup>

While the metrics in this PAI Statement relate to the majority (circa 84%<sup>2</sup>) of the assets we manage (“In-Scope Assets”), the following investments have been excluded:

- > Cash and derivatives such as equity or sovereign futures. These are not included in the investments which are considered under this PAI Statement because, by their nature, the underlying assets do not have associated PAIs.
- > Assets invested in funds / strategies managed by fund managers who are not part of the Irish Life group of companies (“Third Party Funds” and “Third Party Managers” respectively). These are not included in the investments which are considered under this PAI Statement because there are challenges around obtaining the necessary data from such Third-Party Managers.
- > Investments for which there is insufficient or inadequate data.

<sup>1</sup> See appendix for further details

<sup>2</sup> As at 31 December 2023. Total AUM of EUR114.75 billion

## DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

The tables below provide an overview of the mandatory PAI Indicators and the two additional voluntary PAI Indicators which we are considering and how we aim to manage them through our approach to responsible investment.

**Table 1 – Mandatory PAIs**  
Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	(tCO <sub>2</sub> eq)	2,747,520	2,538,938	Marginal change primarily due to market movements and changes in the composition of In-Scope Assets.	One of the primary focus areas of ILIM's responsible investment framework is the trend toward decarbonisation. The trend towards decarbonisation captures the transition to a lower carbon economy as set out in the Paris Agreement.
		Scope 2 GHG emissions	(tCO <sub>2</sub> eq)	840,695	709,075	Marginal change primarily due to market movements, changes in the composition of In-Scope Assets and general increases in scope 2 emissions.	In October 2021, ILIM published its Climate Action Pledge, which sets out the actions we will take to support progress against our net zero goals. 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 domestic market and globally, in a way that aligns with the interests of our clients.
		Scope 3 GHG emissions	(tCO <sub>2</sub> eq)	27,954,462	20,230,405	The increase in scope 3 emissions is due to a number of factors including more reporting by companies and a continuing increase in the depth of scope 3 reporting.	Our Climate Action Pledge is focused on the below key areas:
		Total GHG emissions	(tCO <sub>2</sub> eq)	31,542,677	23,478,418	Increase in total emissions largely driven by the increase in scope 3 emissions due to increased reporting by companies and increased depth of scope 3 reporting.	<ul style="list-style-type: none"> <li>&gt; Advocacy for climate action.</li> <li>&gt; Strengthening governance of the climate agenda.</li> <li>&gt; Integrating climate risk into firmwide risk management.</li> <li>&gt; Integrating climate alignment into the design of ILIM's proprietary investment solutions.</li> <li>&gt; Using stewardship to accelerate the climate agenda at the companies in which we invest our clients' assets.</li> </ul>

Adverse sustainability indicator	Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	2. Carbon footprint	Carbon footprint	(tCO <sub>2</sub> eq/EURm)	450.2	398.0	Increase in carbon footprint largely driven by the increase in scope 3 emissions due to increased reporting by companies and increased depth of scope 3 reporting.	<p><b>Investment Process</b> ILIM incorporates ESG and decarbonisation metrics into its investment process across its flagship “New World” corporate fixed income and equity Proprietary Solutions.</p> <p>This investment process incorporates a ‘decarbonisation tilt’ that combines a range of forward and backward-looking metrics to reduce exposure to companies which score poorly on our decarbonisation metrics and increase exposure to companies that score well on our metrics. Given the wide-ranging scope of climate change risks and opportunities across sectors and regions, extensive qualitative and quantitative metrics are required for investment decisions. ILIM complements the backward-looking data (such as carbon intensity) with a forward-looking view (carbon risk rating).</p> <p>In a manner that aligns with our clients’ interests, the “New World” Proprietary Solutions seek to achieve lower carbon intensity (scope 1 and 2) versus their respective parent benchmark, while reducing the exposure of the solutions to fossil fuel related activities through screening and tilting approaches.</p> <p><b>Active Ownership</b> One of the key priority themes of our active ownership programme is climate change. This is achieved through two distinct approaches:</p> <ul style="list-style-type: none"> <li>&gt; For our public equity portfolios, where we have discretion to do so, we engage both directly and collaboratively with investee companies relating to climate change and the trend toward decarbonisation. Through collaborative engagements, coupled with our membership of collaborative initiatives (such as the Institutional Investors Group on Climate Change, UNPRI and Climate Action 100+), our Stewardship Team is able to combine its voice with those of industry peers to build increased influence with the companies in which we invest our clients’ assets.</li> </ul> <p>This is designed with a view to achieving the best long-term return for our clients.</p>
	3. GHG intensity of investee companies	GHG intensity of investee companies (Scope 1, 2, 3)	(tCO <sub>2</sub> eq/EURm)	904.1	924.2	Small decrease in carbon intensity due to increased revenues relative to total emissions.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	(% involved)	7.4%	8.1%	Marginal decrease primarily due to market movements and changes in the composition of In-Scope Assets.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	(% of portfolio)	64.1%	65.9%	Marginal decrease primarily due to market movements, changes in the composition of In-Scope Assets coupled with slight improvements in the share of renewables in the energy mix.	
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	(% of portfolio)	19.6%	17.9%	Marginal increase primarily due to market movements and changes in the composition of In-Scope Assets.	

Adverse sustainability indicator	Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	(GWh/ EURm)				<p>&gt; ILIM has developed a set of bespoke voting guidelines, the ILIM Global Proxy Voting Guidelines, which help ILIM make consistent voting decisions while taking the specific circumstances of a company into account. ILIM reviews and updates its Global Proxy Voting Guidelines annually. This involves considering our expectations in relation to sustainability matters and related voting decisions. ILIM's Global Proxy Voting Guidelines are applied equally to all investee companies regardless of the jurisdiction in which the investee company operates or is based. However, they are structured to consider local standards when generating a vote recommendation. ILIM's Global Proxy Voting Guidelines contains specific voting rules relating to high emitting companies which lack preparation and planning regarding the reduction of GHG emissions and also for companies without an accountable plan to align to a Net Zero ambition.</p> <p>In addition, in a manner that aligns with our clients' interests, our Global Proxy Voting Guidelines generally support reasonable shareholder proposals seeking to achieve a reduction in GHG emissions, increased disclosures, energy consumption reviews and transition to renewable energy.</p>
		Agriculture, Forestry & Fishing (GWh/ EURm)	(GWh/ EURm)	Insufficient data	4.66	This is an area where current data availability is insufficient to report on this PAI indicator.	
		Construction (GWh/EURm)	(GWh/ EURm)	0.10	0.13	Reduction due to market moves and a general reduction in the energy consumption intensity in the construction sector.	
		Electricity, Gas, Steam and Air Conditioning Supply (GWh/ EURm)	(GWh/ EURm)	3.14	4.01	Reduction due to market moves and a general reduction in the energy consumption intensity in the Electricity, Gas, Steam and Air Conditioning Supply sector.	
		Manufacturing (GWh/EURm)	(GWh/ EURm)	0.62	1.29	Reduction due to market moves and a general reduction in the energy consumption intensity in the Manufacturing sector.	
		Mining & Quarrying (GWh/ EURm)	(GWh/ EURm)	1.56	1.99	Reduction due to market moves, changes in the composition of In-Scope Assets and a general reduction in the energy consumption intensity in the Mining & Quarrying sector.	
		Real Estate Activities (GWh/ EURm)	(GWh/ EURm)	0.43	0.47	Reduction due to market moves, changes in the composition of In-Scope Assets and a general reduction in the energy consumption intensity in the Real Estate Activities sector.	
		Transportation & Storage (GWh/ EURm)	(GWh/ EURm)	1.60	1.85	Reduction due to market moves, changes in the composition of In-Scope Assets and a general reduction in the energy consumption intensity in the Transportation & Storage sector.	
		Water Supply, Sewerage, Waste Management & Remediation (GWh/EURm)	(GWh/ EURm)	0.68	0.63	Small increase due to market moves and changes in the composition of In-Scope Assets.	
		Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles (GWh/EURm)	(GWh/ EURm)	0.09	0.09	No material change from 2022.	

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	(% involved)	6.2%	7.5%	Reduction due to market moves, changes in the compositions of In-Scope Assets and a reduction in the numbers of entities engaging in activities negatively affecting biodiversity-sensitive areas.	Climate change is linked to biodiversity loss and the success in tackling these issues are interdependent.  <b>Active ownership</b> Biodiversity is addressed under our Engagement Programme (see section on Engagement Policies below).
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	(t/EURm)	Insufficient data	0.13	This is an area where current data availability is insufficient to report on this PAI indicator.	<b>Active ownership</b> Water is addressed under our Engagement Programme, through both direct and collaborative engagements. It covers not only water quality/emissions to water, but it also covers water management and water quantity/consumption.  Our Global Proxy Voting Guidelines support potential shareholder proposals that request greater disclosures and better water management systems, where financially material to our clients' investments. Our Global Proxy Voting Guidelines also favour voting against the appointment of specific directors of companies which our data providers have deemed to be involved in water related controversies.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	(t/EURm)	2.71	8.14	Reduction due to market moves and changes in the composition of In-Scope Assets.	Waste is addressed under our Engagement Programme, as part of a broader Natural Capital theme.  <b>Screening</b> For our Proprietary Solutions, we screen companies for potential controversies regarding waste management using data from our data providers.  <b>Active ownership</b> Our Global Proxy Voting Guidelines support potential shareholder proposals that request greater disclosures and better waste management systems where financially material to our clients' investments. Our Global Proxy Voting Guidelines also favour voting against the appointment of specific directors of companies which our data providers have deemed to be involved in waste related controversies.

Adverse sustainability indicator	Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	(% involved)	0.68%	1.0%	Reduction due to market moves, changes in the composition of In-Scope Assets and the resolution by some entities of previous violations of UNGC principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.  We support the UNGC principles and the OECD Guidelines for Multinational Enterprises.  <b>Screening</b> Where our Proprietary Solutions are applied to a Portfolio, our screening management process reduces such Portfolio's exposure to companies which our data providers have deemed to be in violation of international norms including UNGC Principles and OECD Guidelines for Multinational Enterprises.  <b>Active ownership</b> We engage collaboratively with investee companies which our data providers have deemed to be in violation of international norms including the UNGC Principles and the OECD Guidelines for Multinational Enterprises.  We may also vote against specific proposals regarding the election of board members in such investee companies if our data providers identify any deemed breaches and violations.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	(% involved)	52.2%	65.4%	Reduction due to market moves, changes in the composition of In-Scope Asset and the development by entities of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises.  We support the UNGC principles or OECD Guidelines for Multinational Enterprises.  <b>Active ownership</b> We expect investee companies to have the mechanisms in place to monitor compliance with the UNGC principles and we engage with investee companies regarding any potential lack of alignment with these principles.  Our Global Proxy Voting Guidelines support proposals regarding human rights disclosures by investee companies.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	(% of portfolio)	16.8%	16.6%	Movement primarily due to market moves.  ILIM recognises the importance of, diversity, equity and inclusion as a key element of good governance.  <b>Active ownership</b> ILIM continues to enhance its Engagement Programme to focus on companies where diversity at board level is not in keeping with reasonable expectations taking into account jurisdictional norms.  ILIM was one of the founding members of the 30% Club Ireland Investor Group. Through our participation with the 30% Club Ireland Investor Group, we are advocating for, and highlighting the importance of, diversity as a key element of good governance. ILIM plans to continue to use its influence in the Irish market to promote the representation of women on company boards and in senior management level positions in Irish companies to 30% or more.  Our Global Proxy Voting Guidelines generally support shareholder proposals that seek disclosure on gender pay gap information within investee companies.



Adverse sustainability indicator		Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>							
Social and employee matters	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	(% Female)	33.0%	32.0%	Marginal improvement primarily due to market movements, changes in the composition of In-Scope Assets and improvements in gender diversity in investee companies.	<p>ILIM recognises the importance of, diversity, equity and inclusion as a key element of good governance.</p> <p><b>Active ownership</b> ILIM continues to enhance its Engagement Programme to focus on companies where diversity at board level is not in keeping with reasonable expectations taking into account jurisdictional norms.</p> <p>ILIM was one of the founding members of the 30% Club Ireland Investor Group. Through our participation with the 30% Club Ireland Investor Group, we are advocating for, and highlighting the importance of, diversity as a key element of good governance. ILIM plans to continue to use its influence in the Irish market to promote the representation of women on company boards and in senior management level positions in Irish companies to 30% or more.</p> <p>Our Global Proxy Voting Guidelines generally support shareholder proposals that seek disclosure on gender pay gap information within investee companies.</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	(% Involved)	0.0%	0.0%	No exposure to controversial weapons across our clients' Portfolios.	<p><b>Screening</b> Where our Proprietary Solutions are applied to a Portfolio, our screening management process reduces such Portfolio's exposure to companies involved in the production and sale of controversial weapons.</p> <p>We have identified certain weapon categories to be controversial due to their disproportionate and/or indiscriminate impact on civilians. These include anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions. Any company with detectable involvement in the core weapon system, or components/ services of the core weapon system that are considered tailor made and essential for the lethal use of the weapon, is excluded.</p>

Adverse sustainability indicator	Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS</b>						
Environmental	15. GHG intensity	GHG intensity of investee countries	(KtonCO <sub>2</sub> eq/ EURm)	0.23	0.22	Movement immaterial from 2022.  The majority of our clients' Portfolios' sovereign bond exposures are Euro government bond funds and PAIs on sustainability factors are not considered for these investments.  We have a number of sovereign bond investment solutions which promote E/S characteristics (Article 8 under SFDR) and incorporate ESG data. Such Article 8 products may have an increased allocation to green bonds and may have improved country carbon intensity scores. Despite this, PAIs relating to sovereign exposures are not currently explicitly considered within our sovereign bond Article 8 products.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	# of countries	1, 1%	2*, 2%	Holdings of Russian government bonds have either been disposed of throughout 2022 or valued at zero.  We follow the specified sanctions of the EU and any associated mandatory investment restrictions.  *Note: There was some exposure to Russian bonds in Q1 2022 before the outbreak of the war between Russia and Ukraine. The vast majority of Russian bonds were sold in Q2 2022 and any bonds which could not be sold are currently valued at zero.  Ukraine is also deemed to be subject to social violations primarily due to the impact of the war on the country.
<b>INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS</b>						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	(% of portfolio)	0%	0%	There is no exposure to this metric in our clients' real estate holdings.  We do not directly hold any real estate assets in our clients' Portfolios which are involved in the extraction, storage, transport or manufacture of fossil fuels.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	(% of portfolio)	42%	45%	Improvement relative to 2022 due to asset valuations moves coupled with improvements in the energy ratings of the real estate assets.  <b>Overall approach</b> ILIM believes that prudent integration of ESG factors into physical property investment decisions leads to more sustainable long-term returns and helps to manage risk and enhance growth opportunities.  In all new real estate developments, ILIM aims to achieve the implementation of key elements of globally recognised sustainability standards, including LEED (Leadership in Energy and Environmental Design), WELL Building Standard and net-zero carbon, while being mindful of broad environmental considerations.  ILIM participates in the Global Real Estate Sustainability Benchmark ("GRESB"). ILIM has set specific ambitions relating to energy, water, waste and wellbeing, together with a robust reporting regime to monitor performance against those aims, and to provide a basis for engagement with tenants and other stakeholders across its clients' property portfolios. This process is implemented for acquisitions, refurbishments and new developments. LEED platinum is explicitly focused on new developments. ILIM's procedures provide guidelines to reduce the exposure of its clients and their assets to risks associated with or arising from environmental problems or issues.

Table 2 – Additional climate and other environment-related indicators

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES</b>							
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	(% of portfolio)	32.1%	40.4%	In 2023, many more companies have developed or are publicly disclosing their carbon reduction initiative plans.	As discussed in PAI 1-6 above.

Table 3 – Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>							
Human Rights	9. Lack of human rights policy	Share of investments in entities without a human rights policy	(% of portfolio)	9.5%	9.1%	Small increase due to market moves.	ILIM recognise Human Rights as a key responsible investment priority.  <b>Active Ownership</b> Through our Engagement Programme we engage with investee companies both directly and collaboratively around human rights. Among our engagement objectives on that topic, we expect companies to have a human rights policy.

## DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Our process to identify, prioritise, and manage PAIs on sustainability factors is governed by the following policies. These policies are publicly available on our [website](#):

- > **Responsible Investment Policy:** This policy considers the probability of occurrence and the potential severity of adverse impacts, including their potential irremediable characteristic. The Responsible Investment Policy governs this responsible investment framework. It was approved by the ILIM Board of Directors (“Board”) in October 2023 and outlines:
  - o ILIM’s responsible investment approach across various asset classes;
  - o how ILIM monitors sustainability outcomes;
  - o the various levels of governance applied to the Responsible Investment Policy; and
  - o summary details of ILIM’s Conflicts of Interest Policy.
- > **Sustainability Risk Policy:** This policy outlines how sustainability risks are integrated into decision-making processes. It is overseen by the Board. The objective of this policy is to mitigate sustainability risks that are likely to cause material negative impacts on ILIM’s clients’ investments. It was approved by the Board in October 2023.
- > **Engagement Policy:** This policy is applied in respect of Portfolios where ILIM has been given discretionary investment authority by the relevant client. It describes how we integrate engagement into the investment strategy for these Portfolios. It was approved by the Board in October 2023.
- > **Voting Policy:** This policy is applied in respect of Portfolios where the relevant clients have delegated to ILIM the discretion to vote in resolutions of investee companies on their behalf. ILIM has a fiduciary duty to exercise such voting rights in the clients’ best interest and in a manner which achieves the best economic outcome for their investments. Voting is a key component of ILIM’s Responsible Investment approach and the Voting Policy describes how ILIM integrates voting into its investment strategy. This policy was approved by the Board in November 2023.

(collectively the “Policies”)

Responsibility for the implementation of the Policies is allocated as follows:

- > **ILIM Board of Directors:** The Board is ILIM’s decision-making body and is accountable for oversight of the company’s sustainability strategies. The Board considers and approves the Policies to ensure their ongoing appropriateness.
- > **Responsible Investment Governance Committee:** ILIM’s Responsible Investment Governance Committee (“RIGC”) is responsible for oversight of the Policies. The RIGC is comprised of the Chief Investment Officer, the Chief Sustainability Officer (Chair), the Head of Stewardship, the Head of Sustainable Integration & Solutions, the Head of Irish Commercial Property, the Head of Corporate Clients and the Asset Servicing Manager. The RIGC meets on a quarterly basis. The Chief Sustainability Officer is responsible for the development of our responsible investment framework and oversees the Investment Integration and engagement, voting and Portfolio screening activities. The Chief Investment Officer is responsible for approving any decisions or actions regarding active ownership, screening or the Investment Integration, including PAI metrics into the Portfolios.
- > **The Responsible Investment Team:** Our stewardship activities, including engagement and voting, are led by ILIM’s Responsible Investment Team. The Responsible Investment Team, with the input of various engagement service providers, oversees and monitors engagement and voting activities and reports on such activity to the RIGC.
- > **Investment Risk Team:** ILIM’s Investment Risk Team, identifies, measures and monitors PAI metrics across our clients’ investments. It then reports on the metrics, and any risks emerging from them to the relevant Fund Management Teams and the RIGC.
- > **Fund Management Teams:** ILIM’s Fund Management Teams, in conjunction with the Chief Sustainability Officer, are responsible for ESG research (including data), and integration and screening activities within their respective asset class or investment style specialisms. They report to the RIGC on a quarterly basis.

The Policies are reviewed annually. Any annual changes are initially proposed by members of ILIM’s Responsible Investment Team and must be approved by ILIM’s Chief Sustainability Officer. The proposed changes are then subject to approval by the RIGC. Any changes to the Policies that are required outside of the annual update cycle can also be made through the same process. The Board approves updates to the Policies annually or more frequently as required.

## METHODOLOGIES

In selecting the PAI Indicators in Table 2 and Table 3 above, ILIM considered, among other factors, the following:

- > Alignment with ILIM's responsible investment framework.
- > Availability, reliability and accuracy of data.

The methodologies we use to identify PAIs on sustainability factors are based on data we obtain from our data providers. These methodologies are subject to the availability and quality of such data, with some PAI Indicators having more readily available and better-quality data than others. Where PAI related data is not available from our data providers, or is not of adequate quality, ILIM may exclude such data from our PAI calculations. An added limitation is that we do not gather PAI related data from Third Party Managers or on certain asset classes, such as derivatives.

While it is difficult to ascertain the exact margin of error relating to ESG data and the corresponding methodologies, ILIM engages with our data providers to reduce any margin of error in so far as is reasonably possible.

## DATA SOURCES

The PAI metrics set out in the tables above have been calculated using data obtained from our data providers.

ESG data is not always available, and/or may contain inaccuracies. In addition, it may be based on estimations ("Estimated Data"). Such estimations are applied by the relevant data provider based on their own estimation models.

In particular, challenges regarding the availability, inaccuracies and estimation of data arise in the following circumstances:

- > data obtained from companies in jurisdictions where disclosure requirements are not as developed as in Europe and/or where there is a lower level or quality of disclosure.
- > data obtained from Third Party Managers where a standardised approach to the provision of data is not well established at this time.
- > data obtained from data providers which may rely on estimation models for PAI Indicators where investee companies are not subject to public disclosure currently, such as Scope 3 emissions.

We seek to encourage the transparency and availability of data by:

- > encouraging data providers to expand their existing datasets and product ranges.
- > where feasible, collaborating with international initiatives that are working to improve the availability and quality of relevant company disclosures.<sup>3</sup>
- > exploring new voluntary mechanisms for sourcing ESG data from Third-Party Managers.

<sup>3</sup> See 'References to international standards' section below for more details on ILIM's advocacy for sustainable disclosures.

## ENGAGEMENT POLICIES

ILIM utilises its Voting Policy and its Engagement Policy when seeking to reduce the PAIs on sustainability factors of our clients' Portfolios. These Policies include a range of criteria which help us manage the PAIs on sustainability factors noted in the tables above.

### ENGAGEMENT POLICY

ILIM manages PAIs on sustainability factors through its engagement programme ("Engagement Programme"). Our Engagement Programme is governed by our Engagement Policy. Engagement is a key component of ILIM's approach to the responsible investment and stewardship of our clients' assets. The outcomes of these engagements are important as they are used to inform our investment decisions. In pursuit of responsible investment, ILIM constructively engages with investee companies to seek to promote better corporate behaviour, and to encourage these investee companies to update their policies and practices where appropriate. ILIM also engages with tenants and other stakeholders with regard to real estate investments. ILIM believes that investors, whether working individually (direct engagements) or collectively (collaborative engagements), have a role to play in influencing the behaviour of investee companies, reducing portfolio risk and delivering more sustainable long-term outcomes for clients.

When it comes to direct engagement, ILIM conducts its own direct outreach, based on analysis conducted by ILIM's Stewardship Team. In addition, ILIM also conducts direct engagements with the support of our direct engagement partner Glass Lewis Europe Limited ("Glass Lewis"). Voting-driven engagements and engagements with Irish companies are prioritised under this direct outreach programme. This is because these engagements are intrinsically linked to ILIM's Global Proxy Voting Guidelines and because of ILIM's influence in the local market.

In certain instances, we believe that acting collectively with other investors and industry bodies is the most effective approach to having a meaningful impact.

We select investee companies for engagement based on the materiality of a theme for a specific sector or region. We focus on the topics of transition climate risks, physical climate risks, biodiversity, water, waste management, human rights, supply chain labour standards/modern slavery, anti-discrimination, board diversity, anti-corruption, global norms and sustainability risk. We may re-assess the selection of investee companies for engagement, as well as the engagement processes if we feel that progress is not being made.

Our Engagement Policy, including our approach to active ownership, is reviewed annually.

### VOTING POLICY

ILIM's Voting Policy shapes our Global Proxy Voting Guidelines which are customised to incorporate progressive voting guidelines on key corporate governance and sustainability issues. These are structured around ILIM's responsible investment framework, which is composed of two sustainability mega trends (decarbonisation and stakeholder centric business model) and four priority themes (climate change, natural capital, human rights and corporate governance). ILIM's Voting Policy and Global Proxy Voting Guidelines help us manage PAIs on sustainability factors in the following ways:

- > **Shareholder proposal support:** Under our Voting Policy, we generally support shareholder proposals where they relate to PAI indicators 1 to 9 and/or the voluntary environmental and social PAI Indicators.
- > **Voting action against directors:** Under our Voting Policy we address PAIs 10 to 14 and also reinforce multiple mandatory and voluntary environmental and social PAI indicators.

## REFERENCES TO INTERNATIONAL STANDARDS

### 1. Alignment with the Paris Agreement (links to PAI 1-6)

ILIM is currently a signatory to the UNPRI and is currently a member of the Sustainable & Responsible Investment Forum (“SIF”) Ireland.

ILIM publishes an annual Taskforce on Climate-Related Financial Disclosures (“TCFD”) report.

ILIM is currently a signatory to the Net Zero Asset Managers initiative (“NZAM”).

ILIM engages with a third-party provider of ESG data, for forward looking scenario analysis on climate modelling. ILIM’s most recent TCFD report contains data and exhibits relating to our forward-looking climate scenarios.

### 2. UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights (links to PAI 10)

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.

Where possible and where consistent with our clients’ Mandates, ILIM applies screening when considering investments in listed equities and corporate fixed income assets. As part of this screening management process, companies deemed by Sustainalytics to be in violation of the UN Global Compact and OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights are excluded.

### 3. Additional International Codes and Standards

Currently, ILIM is a signatory to UN Principles for Responsible Investment (UNPRI).

ILIM aims to continue advocating for climate action with policy makers, investors, and industry groups and does so through its current membership of groups such as the CDP (formerly the Carbon Disclosure Project), the Institutional Investors Group on Climate Change (IIGCC), and the Global ESG Benchmark for Real Assets (GRESB).

Our sustainable Proprietary Solutions incorporate a broad range of international norms and conventions, including, but not limited to:

- i. United Nations Sustainable Development Goals
- ii. United Nations Convention on Prohibitions or Restrictions on the use of Certain Conventional Weapons which may be deemed to be Excessively Injurious or to have Indiscriminate Effects
- iii. Convention on Cluster Munitions

In incorporating the above-named international codes and standards into our investment decisions we rely on data provided by Sustainalytics. Sustainalytics uses publicly available data where possible to determine a company’s alignment to these codes and standards. Where data is not publicly available, Sustainalytics will use Estimated Data. Our incorporation of the above codes and standards into our investment decisions is reliant on the quality of the data we obtain from Sustainalytics and our other data providers.

## APPENDIX

This document contains information which is based on data, ratings and measurements which have been obtained from third party data providers ("Third Party Data"). In particular, the PAI impact percentages are calculated using Third Party Data. While reasonable endeavours are taken to ensure the Third Party Data is accurate, it is important to note that third party data providers assume no responsibility for inaccuracies, errors, inconsistencies or omissions in their data. We cannot guarantee the accuracy, completeness or reliability of the Third Party Data and we accept no responsibility or liability whatsoever for any inaccuracies, errors, inconsistencies or omissions in the Third Party Data, or for any loss or damage suffered by you or any other party arising in connection with the information contained in this PAI Statement. In addition, such Third Party Data may be based on assumptions, forecasts, calculations, views and opinions of the relevant third party data provider ("Estimated Data"). Given the developing nature of models, methodologies and assumptions and the inherent uncertainty in predicting future events, Estimated Data may vary from realised figures or may be otherwise inaccurate or incorrect. ILIM has not independently verified or assessed the assumptions underlying Estimated Data. Environmental, Social and Governance ("ESG") data is constantly changing and improving as standards of disclosures and data, regulatory frameworks and industry practice evolve. ILIM will continue to monitor developments in this area but accepts no responsibility or liability whatsoever for any loss or damage suffered by any third party in connection with the ESG data provided in this document.

Any reference to third party data providers in this PAI Statement is solely for appropriate acknowledgement of the source of the relevant Third Party Data and does not constitute any sponsorship or endorsement by ILIM of such third party data provider.

The information contained herein may be limited due to a lack of availability or quality of the information, data and indicators for certain issuers/exposures or asset classes. We accept no responsibility or liability whatsoever for any incorrect or incomplete information contained in this document, or for any loss or damage suffered by you or any other party arising in connection with the information contained in this document.

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This document contains sustainability related goals (including net zero goals) which are based on ILIM's current expectations and beliefs concerning future developments and their potential effects on ILIM and its clients. Such predictions, projections and beliefs are based on current expectations and assumptions and, as a result, are subject to uncertainties. They are not intended to serve, and must not be relied on, as a guarantee, an assurance, a prediction or a definitive statement of fact. Actual events and circumstances are difficult or impossible to predict and are beyond our control. ILIM can give no assurance that it will be able to achieve the sustainability related goals contained in this document. Factors that may affect our ability to achieve the sustainability related goals contained in this document include but are not limited to: (i) our clients' preferences including a continued client demand for sustainability focused investment strategies, (ii) the market for sustainability focused investment strategies continuing to develop in line with the European Green Deal and the EU Action Plan: Financing Sustainable Growth (iii) policymaker / governmental strategies continuing to align with the European Green Deal and the EU Action Plan: Financing Sustainable Growth; (iv) the companies in which we invest our clients' assets being receptive to our engagements and being open to adopting more sustainable practices, (v) access to high quality and reliable data, (vi) the ability to implement business plans, forecasts and other expectations (vii) the legal and regulatory environment, (viii) the risk of legal or regulatory challenge. This foregoing list of factors is not exhaustive.

There is a possibility that our expectations, forecasts, estimates, predictions and conclusions may not prove to be accurate and our assumptions may prove to be incorrect, and there is a risk that the sustainability related goals, objectives, priorities, ambitions, strategies, commitments and targets described in this document will not be achieved. In addition, our sustainability related goals, objectives, priorities, ambitions, strategies, commitments and targets may also need to change or be recalibrated to meet our other strategic objectives and the reasonable expectations of our stakeholders, including expectations around financial performance. In addition, many of the assumptions, standards, metrics and measurements used in developing and measuring our sustainability related goals, objectives, priorities, ambitions, strategies, commitments and targets are not audited or independently verified, have limited comparability and continue to evolve.

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