



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 (PAIs) of its investment decisions on sustainability factors. The present statement is the consolidated statement on PAIs 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 2024 to 31 December 2024.

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 application of some or all of our responsible investment processes may vary or be limited.

ILIM has identified Climate-Related Risk, 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), recognising that although this is not necessarily a measure of climate-related risk, it is relevant to our clients and a mandatory PAI indicator.
- > 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 Environmental, Social and Governance ("ESG") 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 principal adverse impacts on sustainability factors ("Principal Adverse Impacts" or "PAIs") in respect of the assets we manage, subject to having the discretion to do so under the relevant Mandate and the limitations described below. 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 on 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 Disclosure 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.¹

While the metrics in this PAI Statement relate to the majority (circa 89%²) 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.

¹ See appendix for further details

² As at 31 December 2024. Total AUM of EUR131.17 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 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS								
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	(tCO2eq)	2,726,734	2,747,520	2,538,938	Marginal change primarily due to market movements and changes in the composition of In-Scope Assets.	Investment Process ILIM incorporates ESG and decarbonisation metrics into its investment process across its flagship “New World” corporate fixed income and equity Proprietary Solutions.
		Scope 2 GHG emissions	(tCO2eq)	859,198	840,695	709,075	Marginal change primarily due to market movements and changes in the composition of In-Scope Assets.	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-related 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).
		Scope 3 GHG emissions	(tCO2eq)	33,226,614	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.	ILIM complements the backward-looking data (such as carbon intensity) with a forward-looking view (carbon risk rating).
		Total GHG emissions	(tCO2eq)	36,812,546	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.	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. Active Ownership One of the key priority themes of our active ownership programme is climate-related risk. For our public equity portfolios, where we have discretion to do so, we engage both directly and collaboratively with investee companies relating to climate-related risk strategies and disclosure. 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 work with industry peers to engage with the companies in which we invest our clients’ assets.

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS								
Greenhouse gas emissions	2. Carbon footprint	Carbon footprint	(tCO ₂ eq/EURm)	409.7	453.8	398.0	Marginal decrease due to market movements, the growth in the value of In-Scope Assets, offset by the growth in Scope 3 emissions and changes in the composition of In-Scope Assets.	<p>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 around the turn of each year. This involves considering our expectations in relation to sustainability matters, such as climate-related risk and seeking disclosures, 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.</p> <p>Our Global Proxy Voting Guidelines are aligned to the "move toward decarbonisation" mega-trend that we use in our investment integration. ILIM's Global Proxy Voting Guidelines incorporate climate-related risk and ESG matters generally.</p>
	3. GHG intensity of investee companies	GHG intensity of investee companies	(tCO ₂ eq/EURm)	1,026.2	912.1	924.2	Increase in carbon intensity due to the increase in total emissions relative to revenues and changes in the composition of In-Scope Assets.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	(% involved)	6.3%	7.4%	8.1%	Marginal improvement 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	60.0%	64.1%	65.9%	Improvement 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	20.2%	19.6%	17.9%	No material change during 2024.	

Adverse sustainability indicator	Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
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	% of portfolio				As discussed in PAI 1-5 above.
		Agriculture, Forestry & Fishing (GWh/EURm)	(GWh/EURm)	Insufficient data	Insufficient data	4.66	
		Construction (GWh/EURm)	(GWh/EURm)	0.10	0.10	0.13	
		Electricity, Gas, Steam and Air Conditioning Supply (GWh/EURm)	(GWh/EURm)	3.94	3.14	4.01	
		Manufacturing (GWh/EURm)	(GWh/EURm)	0.30	0.62	1.29	
		Mining & Quarrying (GWh/EURm)	(GWh/EURm)	1.40	1.56	1.99	
		Real Estate Activities (GWh/EURm)	(GWh/EURm)	0.43	0.43	0.47	
		Transportation & Storage (GWh/EURm)	(GWh/EURm)	1.90	1.60	1.85	
		Water Supply, Sewerage, Waste Management & Remediation (GWh/EURm)	(GWh/EURm)	0.52	0.68	0.63	
		Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles (GWh/EURm)	(GWh/EURm)	0.07	0.09	0.09	

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS								
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)	5.6%	6.2%	7.5%	Decrease 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.	<p>Climate-related risk is linked to biodiversity loss and the success in tackling these issues are interdependent. Biodiversity, while not the primary focus, has been discussed.</p> <p>Active ownership Biodiversity is addressed under our Engagement Programme (see section on Engagement Policies below).</p>
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	Insufficient data	0.1	This is an area where current data availability is insufficient to report on this PAI indicator.	<p>Active ownership 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.</p> <p>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.</p>
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)	3.1	2.7	8.1	Increase due to increased reporting by companies, market moves and changes in the composition of In-Scope Assets.	<p>Waste is addressed under our Engagement Programme, as part of a broader Natural Capital theme.</p> <p>Screening For our Proprietary Solutions, we screen companies for potential controversies regarding waste management using data from our data providers.</p> <p>Active ownership 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.</p>

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS								
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)	0.7%	0.7%	1.0%	No material change during 2024.	<p>We support the UNGC principles and the OECD Guidelines for Multinational Enterprises.</p> <p>Screening Where our Proprietary Solutions are applied to a Portfolio, our screening management process reduces such a 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.</p> <p>Active ownership 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.</p> <p>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.</p>
	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)	56.2%	52.2%	65.4%	No material change during 2024.	

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS								
Social and employee matters	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	% of portfolio	16.2%	16.8%	16.6%	No material change in 2024.	<p>ILIM recognises the importance of, diversity, equity and inclusion as a key element of good governance.</p> <p>Active ownership</p> <p>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>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	% Female	34.5%	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.	

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS								
Social and employee matters	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%	No exposure to controversial weapons across our clients' Portfolios.	<p>Screening</p> <p>Where our Proprietary Solutions are applied to a Portfolio, our screening management process reduces such a 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>
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS								
Environmental	15. GHG intensity	GHG intensity of investee countries	(KtonCO ₂ eq/EURm)	0.22	0.23	0.22	No material change in 2024.	<p>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.</p> <p>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.</p>
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 portfolio	3, 3%	1, 1%	2, 2%*	Saudi Arabia and Uzbekistan are now deemed to be subject to social violations by our third-party service provider, Morningstar Sustainability.	<p>We follow the specified sanctions of the EU and any associated mandatory investment restrictions.</p> <p>*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.</p> <p>Ukraine is also deemed to be subject to social violations primarily due to the impact of the war on the country while Saudi Arabia and Uzbekistan are also deemed to be subject to social violations.</p>

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS								
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%	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	35%	42%	45%	Improvement due to increased allocation within the property assets to energy efficient assets.	<p>Overall approach</p> <p>ILIM believes that prudent integration of ESG factors into physical property investment decisions can lead to more sustainable long-term returns, helping to manage risk and enhance growth opportunities.</p> <p>In all new 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. LEED methodology is applied to all new developments with the aim of achieving the platinum level of certification, which is the highest possible grade.</p> <p>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 intended to reduce the exposure of its clients and their assets to risks associated with or arising from environmental problems or issues through acquisitions, refurbishments and new developments.</p>

Table 2 – Additional climate and other environment-related indicators

Adverse sustainability indicator		Metric	Metric (unit)	Impact 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES								
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS								
Emissions	4. Investing 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	% Involved	32.5%	32.1%	40.4%	No material change in 2024.	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 2024	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Human Rights	9. Lack of Human Rights policy	Share of investments in entities without a human rights policy	% Involved	7.5%	9.5%	9.1%	<p>Marginal improvement primarily due to market movements, changes in the composition of In-Scope Assets and improvements in the number of investee companies with a human rights policy.</p> <p>Active Ownership 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.</p>

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 the integration of sustainability risks in decision-making processes and 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. For that purpose, ILIM has implemented procedures to identify, measure, manage and monitor these risks, supported by third party data providers. It was approved by the Board in October 2023.
- > **Engagement Policy:** This policy is applied in respect of Portfolios managed by ILIM on behalf of its clients where ILIM has been given proxy-voting and engagement authority. 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 responsibility 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:** ILIM's Board is ultimately responsible for the governance of risk in the company and for establishing mechanisms and structures to control and manage this risk. The Board has delegated oversight of audit and risk issues to the Board Audit Committee and Board Risk Committee, respectively. The Board, and its committees, each meet at least quarterly.
- > **Fund Management Executive:** ILIM's Fund Management Executive ("FME") is responsible for monitoring our clients' mandates, reviewing the performance of portfolios versus benchmarks and overseeing fund management operations. That includes the implementation of our Best Execution Policy and the implementation of mandate and internal rules on our fund management systems. The monthly fund management report for the executive management team includes updates from the FME.
- > **Responsible Investment Governance Committee:** ILIM's Responsible Investment Governance Committee ("RIGC") is responsible for oversight of the Policies. RIGC is comprised of 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 every two months, or more frequently if required.

The Chief Sustainability Officer is responsible for the development of our responsible investment framework and oversees 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 and investment integration, including the integration of PAI metrics into the Portfolios where appropriate.
- > **The Responsible Investment Team:** ILIM's responsible investment programme is led by ILIM's Responsible Investment Team. The Responsible Investment Team oversees and monitors sustainability integration, engagement, voting and portfolio screening. In conjunction with the asset class portfolio managers, the Responsible Investment Team monitors responsible investment integration activities. The Responsible Investment Team reports on activities to the RIGC.
- > **Investment Risk Committee:** ILIM's Investment Risk Committee ("IRC") exercises authority delegated to it by the ILIM Board Risk Committee ("BRC") to provide investment risk oversight to the portfolios managed by ILIM. The IRC

reports monthly as part of the Investment Risk and Fund Management Oversight Committee meeting. This oversight committee is comprised of the CIO, senior members of the FME and members of the Investment Risk Team. The IRC is responsible for reviewing existing and emerging risks that may impact portfolio and strategy performance.

Policies are reviewed periodically. Any 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 require approval from the Board.

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.
- > Exploring new voluntary mechanisms for sourcing ESG data from Third Party Managers.

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 on our Proprietary Solutions. 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, with a view to preserving the long-term value of the investment. 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 the ability to influence the behaviour of investee companies in order to improve their performance, with a view to 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. ILIM will generally look to directly engage with investee companies based on the outcome of our voting activities, and also conducts direct engagements with the support of our direct engagement partner Glass Lewis Europe Limited ("Glass Lewis").

ILIM considers directly engaging with investee companies when key financially material ESG risks are identified. We promote constructive and long-term dialogue with such investee companies, with the ambition of seeing them improve their practices, in order to reduce and improve the management of sustainability risks across our clients' portfolios. As a global asset manager, we directly engage with companies from different geographical regions across a number of different sectors. ILIM's direct engagement programme is tailored to our responsible investment framework. We set clear objectives with individual companies which take into account the topic in question and the company's progress towards the pre-set objective.

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.

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-related risk, 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 Global Proxy Voting Guidelines, 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 Global Proxy Voting Guidelines 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 one of the founding members of the Sustainable & Responsible Investment Forum ("SIF") Ireland. ILIM has continued on this journey through the publication of its annual Climate Report since 2021, which is in line with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations.

ILIM engages with a third party provider of ESG data for forward-looking scenario analysis on climate modelling. ILIM's most recent Climate 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 Morningstar 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 to engage in dialogue with policymakers, investors and industry groups and does so through its current membership of groups such as the CDP (formerly the Carbon Disclosure Project) and the Institutional Investors Group on Climate Change (IIGCC).

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 Morningstar Sustainalytics. Morningstar Sustainalytics uses publicly available data where possible to determine a company's alignment to these codes and standards. Where data is not publicly available, Morningstar 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 Morningstar 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.

All information contained in this document is, to the best of ILIM's knowledge and belief, true and accurate at the time of printing, publication or presentation, subject to the limitations noted above. Notwithstanding the foregoing, no assurance can be given that the information contained in this document will remain complete or accurate after its printing, publication or presentation. Factors that may affect the completeness or accuracy of the information after printing, publication or presentation include but are not limited to legal or regulatory changes, further data or information becoming available, changes to the data or methodologies on which the information contained in this document is based and the occurrence of other events beyond our reasonable control. We reserve the right to update this document and/or the information contained herein at any time and without notice.

This document contains sustainability-related ambitions 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 ambitions contained in this document. Factors that may affect our ability to achieve the sustainability-related ambitions 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; and (viii) the risk of legal or regulatory challenge. This foregoing list of factors is not exhaustive.

As an investment manager, our primary purpose is to provide our clients with solutions to meet their investment needs and to deliver on the promises we make to them. Our commitments, objectives and ambitions may need to change or be recalibrated to meet our other strategic objectives and the reasonable expectations of our clients, including expectations around financial performance. This may include prioritising other strategic objectives over our sustainability-related ambitions in pursuit of fulfilling our primary purpose, which is delivering value to our clients and meeting expectations around financial performance. As our business, our industry and climate science evolve over time, we may need to adjust our sustainability-related ambitions and our approach to meeting them. We will also need to remain thoughtful about the regulatory and business environment of the jurisdictions in which we operate, as our ability to achieve our sustainability-related ambitions is contingent on the success of our partners and communities.

This material is intended for the use of institutional and other professional investors.

The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire or dispose of any of the financial instruments and/or securities mentioned in this document and will not form the basis or part of any contract or commitment whatsoever. No assurance, warranty or representation is given that any investments, products, communications, services or offerings will meet any or all of your expectations regarding "green", "ESG", "sustainable", "responsible" or other equivalent terms. ESG strategies may diverge from, increase or eliminate exposures found in other non-ESG strategies or broad market benchmarks. This may cause performance to diverge from the performance of these other strategies or market benchmarks.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Irish Life Investment Managers Limited. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Past performance may not be a reliable guide to future performance. Investments may fall as well as rise.

Irish Life Investment Managers Limited (ILIM) is regulated by the Central Bank of Ireland.