



Responsible investing (RI) is an integral part of our philosophy at Irish Life Investment Managers; we feel that, as investors, we have the power to create a better future. As a signatory to the UN-supported Principles for Responsible Investment (PRI) since 2010, we have committed to the integration of environmental, social and governance (ESG) factors, and the championing of sustainability more broadly.

At ILIM, we like to think about all the issues that might influence our clients' long-term returns. RI is about championing sustainable businesses that have the potential to succeed far into the future. Our PRI ratings (overleaf) show that we have already made great improvements, and we refuse to stop now. What follows is an overview of our RI activities over 2020.



## ACTIVE OWNERSHIP

Through engagement and voting, we can participate as active owners on behalf of our clients. This allows us to ensure that ESG issues are managed effectively, risks are minimised, and opportunities are taken. We tend to focus on companies that fall short in ESG assessments but show the ability, and willingness, to change.

### 2020 VOTING HIGHLIGHTS

4,938

meetings voted

94%

meetings voted

12%

votes against management

### 2020 ENGAGEMENT HIGHLIGHTS

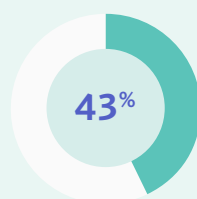
63

total companies

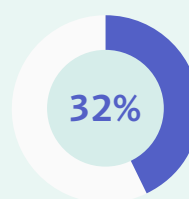
69

total engagements

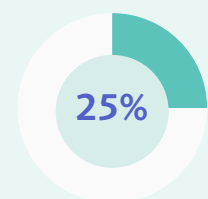
#### ENVIRONMENTAL



#### SOCIAL



#### GOVERNANCE



Over the year, we voted in 94% of all meetings and engaged with a variety of different issues; in total, 69 engagements with 63 different companies were carried out. Climate change issues made up the largest portion of these engagements, followed by anti-discrimination. Overall, response rates have been around the 50-60% mark, but this varies by region. Asia Pacific had the highest response rate at 76%.

# SUCCESSFUL COMPLETIONS



## Climate Change – Duke Energy Corporation (US)

A six-month effort to reduce Duke Energy's carbon footprint and discourage its use of coal-fired generation.



## Supply Chain Labour Standards – Ajinomoto Company (Japan)

A four-year effort to ensure that suppliers and subcontractors meet the International Labour Organization's conventions on collective bargaining.



## Bribery and Corruption – Chubu Electric Power (Japan)

A three-year engagement to update the business's code of conduct to include the prohibition of giving and receiving bribes.

## EVOLUTION OF OUR RI APPROACH

We are continually revising our approach to RI and, over 2020, we focussed on the four cornerstones of governance, strategy, metrics (reporting frameworks) and active ownership. Recent company-wide projects include the implementation of ESG champions, the establishment of a dedicated RI team of ESG specialists within fund management, and the undertaking of our first climate risk scenario analysis and reporting under the Taskforce on Climate Related Financial Disclosure.

Meanwhile, our teams embarked on education and upskilling through ESG training, developed a new anti-discrimination sub-theme, and worked to enhance our approach to the integration of ESG factors in product design.

## EXCLUSIONS APPROACH

To support our approach to RI, we expanded our exclusion list over 2020. Along with UN global compact violators, companies undergoing severe controversies, companies involved in the production/sale of controversial weapons, tobacco producers and thermal coal extractors, we also made the following additions:

- 1) Companies with 25% or more revenue involvement in thermal coal power generation.
- 2) Companies with a secondary involvement in tobacco (including sales and retail), defined as 10% or more of revenues.
- 3) Companies with 10% or more revenue involvement in arctic oil and oil sands.

## A COLLABORATIVE PATH

In our RI approach, industry collaboration is vital and, over 2020, we increased our participation in collaborative engagements. For example, we were part of the CDP Non-Disclosure campaign, which engages with companies who have received a CDP disclosure request but not provided a response. There were 108 institutional investors in the 2020 campaign, from 24 countries, and representing USD 12 trillion in assets. These investors engaged with 1,025 companies on CDP disclosure, which represents a total market capitalisation of around USD 21 trillion. Over the year, ILIM co-signed 546 letters on climate change at an 18% response rate, 107 letters for forests disclosures at a 15% response rate, and 181 letters on water security disclosures at a 19% response rate.

## VALIDATING OUR RI CREDENTIALS

Our PRI ratings reflect the progress we've made over the past year. We are extremely pleased to have received an 'A+' in the 'Governance and Oversight' category for the second consecutive year, and an 'A' for 'Active Ownership'. Meanwhile, we continue to make progress in the 'Property' category, and our rating rose to a 'B' from a 'C' in 2019. We've also added an extra €7 billion to assets under management in responsible investment strategies.



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