

Darta Statement on Shareholder Engagement

1. Introduction

1.1 Objective

This document is a Statement on Shareholder Engagement for Darta Saving Life Assurance d.a.c. (Darta), as required pursuant to section 1110G of Chapter 8B of Part 17 of the Companies Act 2014, which transposes requirements set out in the EU's revised Shareholders Rights Directive into Irish law. Darta is a relevant institutional investor for the purposes of Chapter 8B of the Companies Act 2014 and, as such, must comply with its requirements when it is investing in shares in companies which have their registered office in an EU Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member State.

As part of its asset liability management ("ALM") strategy, Darta aims to match its assets with the nature, term and currency of its liabilities, including its long-term liabilities. Equity exposure is limited to the Company's portfolio of unit-linked ("UL") products. The vast majority of the UL portfolio is externally managed by asset managers chosen by Darta. The purpose of this Shareholder Engagement Policy is to explain how the Company selects and engages with its external asset managers and to set out the Company's Shareholder Engagement Policy with responsibility for its internally managed UL portfolio.

1.2 Approval and Updates

Darta's Head of Finance is the owner of this Statement and is responsible for maintaining, and updating this document in compliance with regulatory requirements. Input from Allianz Group Centres and OEs will be considered. The Statement is reviewed as required, but at a minimum annually. This Statement, as well as any material changes to it, has to be approved by the Darta Investment Committee prior to its effective date. This Statement will be available on the Darta public drive and published on the Darta Website.

2. Selection of Asset Managers

As an authorised insurance undertaking, Darta is subject to detailed requirements in relation to its system of governance and outsourcing arrangements, which are relevant when selecting and appointing an external asset manager. In particular, when selecting an external asset manager, Darta carries out a detailed internal due diligence exercise. Criteria for using a specific external asset manager include knowledge, experience, scale, processes and systems, in both the quality and quantity that Darta requires.

3. Monitoring

Darta maintains long-term relationships with its external asset managers. Once an external asset manager is selected, the Company works closely with them and keeps in frequent contact in order to minimise the possibility of mistakes occurring through miscommunication or misunderstandings. The Company's UL products are "open-ended" investments and, as such, policyholders can enter and leave at any time. To ensure the external funds are sufficiently liquid to allow policyholder redemptions to occur as and when desired, the investment mandate applied by the external asset managers reflects this objective and the Company monitors the liquidity of the externally managed funds on an on-going basis.

The performance of each external asset manager is monitored on a quarterly basis. This monitoring and close co-operation with our chosen external asset managers has meant that turnover of external asset managers is very low. Darta also monitors its external asset investments to ensure that they are invested in line with their stated investment objectives and mandates, against various criteria. Any breaches of investment mandates are treated seriously by the Company and may lead to disinvestment, if not remedied in a timely and satisfactory manner by the external asset manager in question.

4. Information on shareholder engagement and exercise of voting rights

For the most part, Darta does not hold direct interests in companies listed on stock exchanges (portfolio companies), but instead maintains indirect interests in collective investment in securities (UCITS). These investments are managed by asset managers. Nevertheless, Darta holds a small number of holdings in listed companies. Relative to the total amount of Investments on Darta's Balance sheet, their market value is small (approx. 0.3% as at 31 December 2020). Due to the relatively small holding in each individual stock the Company typically does not exercise voting rights or otherwise engage with the investee companies and their other shareholders. Darta has set the limit at 2%, or 4% for Small and Medium Enterprises ("SMEs"), for percentage of ownership beyond which it deems it necessary to activate its involvement in investee companies, which will be expressed through specific policies for the exercise of voting rights.

Darta Finance
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