

Zurich Insurance Group



Sustainability highlights 2019



Sustainability highlights 2019

This report provides information on some of Zurich's key sustainability highlights from 2019, including our continued commitment to the United Nations Global Compact and to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI).



About Zurich

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.

Our cover

Managing the impacts of climate change: risk management responses.

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Further information

Please visit www.zurich.com
Email: sustainability@zurich.com

Shedding light on our 2019 achievements

The world is transforming at an unprecedented pace. At Zurich we believe we can have a positive impact in our role as insurer, investor, employer and in society. We have the knowledge, skills and capabilities and spirit to make a difference.



Our role as an insurer

Enhanced thermal coal, oil sands and oil shale position

Engaging with customers and investee companies about their plans to reduce the use of carbon-intensive fossil fuels

Climate Risk Advisory Services

Providing insight, protection and transparency

Industry-leading data commitment

Our global data commitment pledges to protect the personal data of customers and never sell it, not share it without being fully transparent



Our role as investor

2050

As a founding member of the UN Net-Zero Asset Owner Alliance we're committing to a zero-emissions portfolio of investments by 2050

USD 4.6 billion

Invested in our impact investment portfolio

DJSI

Ranked second in the insurance industry group



Our role in society

142,200 hours

Business hours volunteered by Zurich employees

Sustainable operations

Aim to reduce internal paper usage by 80%

Eliminated 89% of our single-use plastic globally and we continue to push for 100%

Use only renewable energy as power by 2022

225,000 people

have benefited from Zurich's Flood Resilience Alliance

1.5°C Pledge

Signed up as the first insurer to the Business Ambition for 1.5°C Pledge



Our role as employer

UN WEPs

Group CEO, Mario Greco signed the UN Woman's Empowerment Principles

Climate risk awareness training

Launched to employees worldwide

Work sustainability



Committed to a set of principles for our own workforce

Build talent strategy

Implemented several initiatives to improve our female promotion rates

Our 2019 highlights

We want to become one of the most responsible and impactful businesses in the world. Through our commitment to sustainability, we aim to produce sustainable value for our customers, employees, shareholders and the communities where we live and work. We are proud of what we achieved in 2019. This report will provide some of our highlights.

	<p>Our role as insurer</p> <p>Zurich signed up as the first insurer to the Business Ambition for 1.5°C Pledge.</p> <p>Zurich announced an industry-leading global data commitment.</p> <p>Zurich updated its position on some of the most carbon-intensive fossil fuels.</p>	<p>More on page 12</p>	   
	<p>Our role as investor</p> <p>Zurich committed to a fully decarbonized investment portfolio by 2050.</p> <p>Our impact investment portfolio grew from USD 3.8 billion in 2018 to USD 4.6 billion in 2019, helping to avoid 2.8 million tons of CO2-equivalent emissions and, separately, improve the lives of 4.2 million people annually, as of December 2019.</p> <p>Zurich became founding signatory to the International Finance Corporation (IFC) Operating Principles for Impact Management.</p>	<p>More on page 16</p>	 
	<p>Our role as employer</p> <p>Zurich committed to a set of principles for our own workforce called work sustainability.</p> <p>12 Zurich business units in 11 countries are EDGE certified with four certified at EDGE 'Move' level.</p> <p>Our employee net promoter score (NPS) increased by 19 points compared to 2018.</p>	<p>More on page 20</p>	  
	<p>Our role in society</p> <p>Zurich's Flood Resilience Alliance, funded by the Z Zurich Foundation, continued to support the generation of USD 1 billion in additional funding for flood resilience.</p> <p>Zurich's total full year charitable cash contributions to Z Zurich Foundation was USD 40.3 million.</p> <p>Zurich announced that it will use only renewable energy as power by 2022, and as such formally joined the RE100.</p>	<p>More on page 27</p>	   

Zurich's approach to proactively address environmental, social and governance (ESG) factors as part of our day-to-day business activity supports several of the United Nations' Sustainable Development Goals (SDGs). As part of being a responsible and sustainable business, we are focusing on highlighting those SDGs where we can have the biggest impact through our business activities, investments and community programs.

Acting with urgency



When we reset our sustainability ambition to become one of the most responsible and impactful businesses in the world, we knew we set the bar high. The unprecedented changes happening in our society called for a unifying purpose and the concerted will to achieve it. Protecting us and the next generation demands we act with real urgency.

That is why in 2019 we issued three fundamental belief statements – backed by public commitments – that will shape our sustainability impact for generations to come. First, we believe that curbing the rise of global temperatures is our only future. That is why we were the first insurer to sign the UN Business Ambition for 1.5°C Pledge committing us to set science-based targets across everything we do and to work with others to create the necessary methodologies.

Second, we also believe that we must accompany our employees through the transformation of work where non-traditional ways of working are becoming the norm.

That is why we set a work sustainability commitment that establishes a sense of security and trust in the workplace and clarifies our role in giving our people the skills they need to build a path for their futures. And lastly, we believe that trust serves as the core of the promise of protection we make to our customers. That is why we issued a new data commitment that goes beyond legal requirements and ensures respect and transparency around personal data and information.

I'm proud of the great progress we made in 2019, as outlined in this report. However, I'm even more proud of overwhelming support our people have shown for these commitments. With this much talent focused on the greatest challenges we face, I am confident that Zurich will create value for all our stakeholders for generations to come.

Mario Greco

Group Chief Executive Officer,
Zurich Insurance Group

The role of insurance

Insurance creates value for society. It allows people and businesses to protect themselves from risk and helps them become – and remain – prosperous and resilient. Risks are becoming more complex and interconnected as a result of climate change, globalization, urbanization and technological development. Insurers are increasingly expected to use their core capabilities to help communities and society become more resilient to these interconnected risks. The premiums we invest in capital markets also help to finance businesses and projects that are important for society. At Zurich, sustainability is

integrated into our strategy. For us this means using our role as society's risk experts to encourage more long-term thinking; to develop risk-focused solutions that help society adapt to transformation with confidence; and to ensure we harness the full potential of each of our employees. By doing this, we aim to create sustainable value for all our stakeholders in reflection of our purpose, values and our Code of Conduct.



Our material issues

A critical part of developing our sustainability ambition is to identify and prioritize issues of material importance to the company and its stakeholders. In 2018, Zurich launched an evidence-based data-driven materiality assessment leveraging our internal risk expertise, deep engagement with stakeholders, and insights generated from state-of-the-art big data tools to identify and prioritize our most material ESG issues. Our approach is based on international best practice standards including leading sustainability indices and the Global Reporting Initiative (GRI) G4 guidelines. Through combining these three sources of internal and external feedback, our materiality assessment follows these five steps:

1. Identify key stakeholders groups to engage

Zurich identified 10 key stakeholder groups to include in our data-driven materiality assessment.

2. Consulting stakeholders to identify ESG issues of concern

- Engaged with stakeholders through interviews, meetings and surveys to identify which ESG issues affected them the most and those which they thought were most important for Zurich to address;
- Carried out research and benchmarking;
- Identified 21 ESG issues of concern for the insurance sector in general and to Zurich specifically.

3. Evidence-based and data-driven prioritization of most material ESG issues

- Rigorous evidence-based approach was used to prioritize Zurich's most material issues using artificial intelligence and big data through a specialized business intelligence software tool called Datamaran®;
- Various sources used as individual inputs into a custom-made model to build an evidence-based materiality matrix.

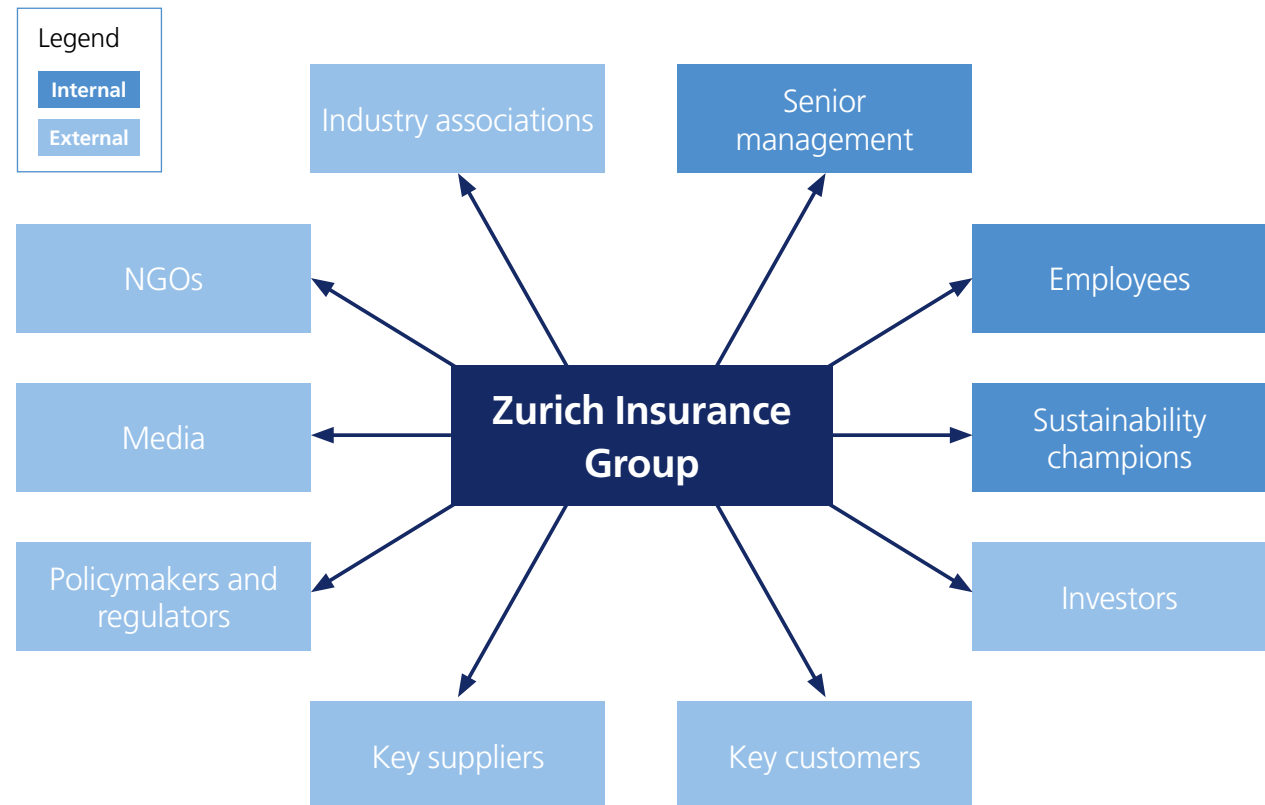
4. Validation of material issues by risk management specialists and our Sustainability Leaders Council

Formal verification by Zurich's internal team of risk management specialists and our Sustainability Leaders Council.

5. Ongoing monitoring, measurement and adjustment

Each of our top material issues will have impact targets and specific management approaches that contribute to our overall sustainability ambition.

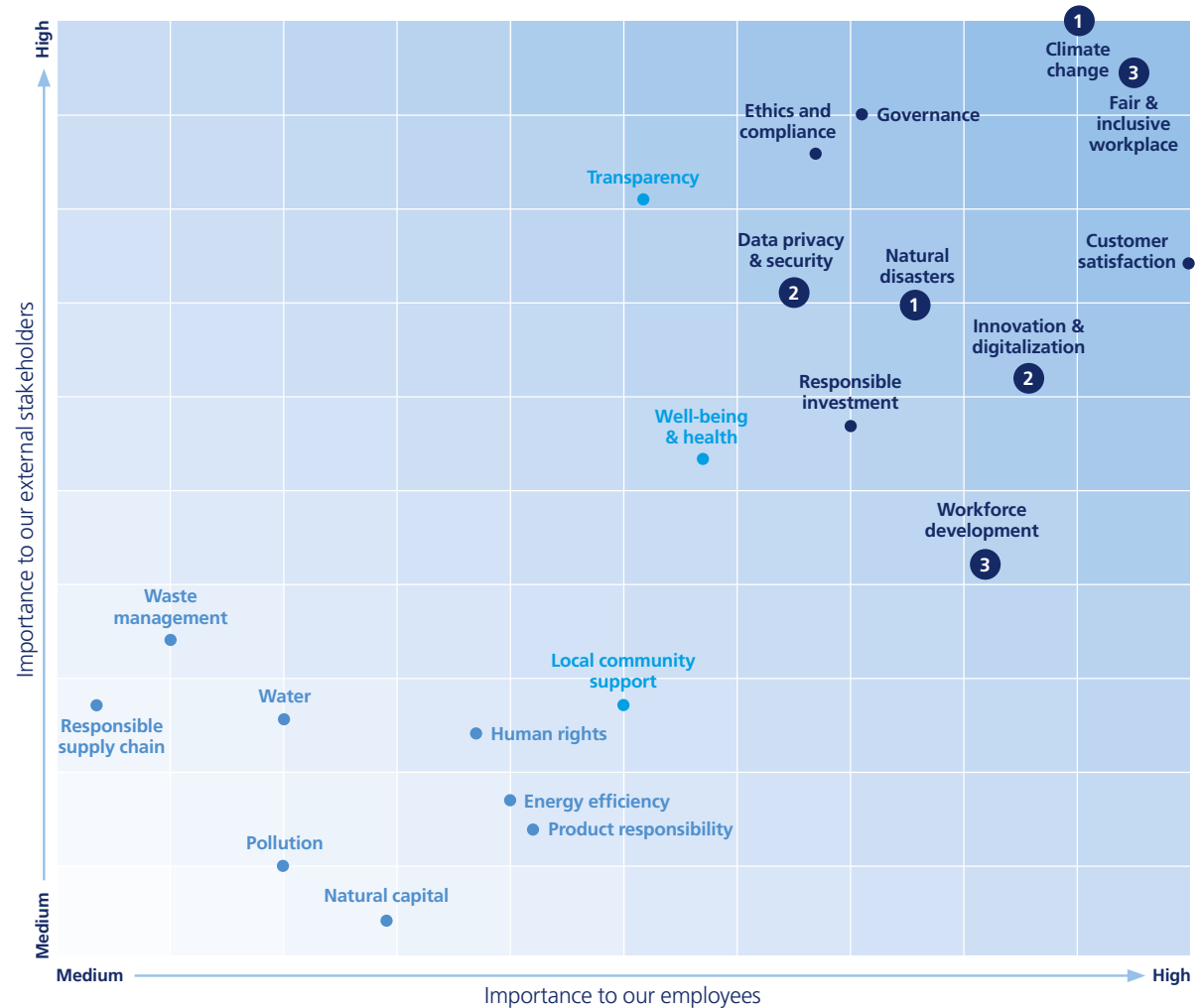
Stakeholder map



Our materiality matrix

Zurich's materiality assessment process evaluates the perceived importance of each environmental, social and governance (ESG) issue to Zurich's future success and then maps the results onto a materiality matrix. The y-axis indicates the perceived importance to our external stakeholders, while the x-axis indicates the perceived importance to Zurich. The issues in the top right, which are important to both our stakeholders and our business, constitute Zurich's strategic sustainability focus areas. Fair and inclusive workforce and workforce development are addressed by our 'work sustainability' pillar. Issues such as digitalization and innovation, and data privacy and security are addressed via our 'confidence in a digital society' pillar. And climate change and natural disasters issues are addressed by our 'changing climate' pillar. Read more about these three pillars in the section about sustainability commitment on page 9.

Our materiality analysis identifies three transformational themes key to our future success



Many issues are material to Zurich. In our matrix we have chosen to only highlight those which are from medium to high importance.

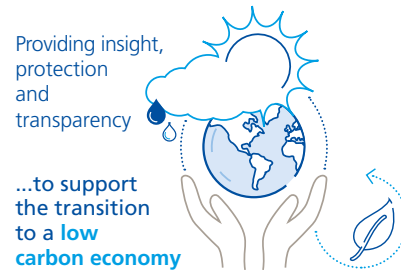
- Monitor trends
- Proactively manage
- Strategic priorities

Our sustainability commitment

We have identified three transformational themes that we believe are material for Zurich's future.



Changing climate



Addressing the impacts of a changing climate

Climate change is perhaps the most complex risk facing society today. It is intergenerational, international, and interdependent. Zurich strives to be a leader in helping the world better manage climate risk and improve resilience against it: we aim to help prevent risks before they can have an impact. In June 2019, as the first insurance company, Zurich signed up to the Business Ambition 1.5°C Pledge. As part of Zurich's Pledge, it has also updated its position on some of the most carbon-intensive fossil fuels. In addition, Zurich has expanded its specialized Natural Hazard Risk Engineering capabilities. We are a founding member of the Net-Zero Asset Owner Alliance, committing to align our investments portfolios with a 1.5°C scenario. And the Zurich Flood Resilience Alliance (see page 27) has proven that it can be a positive force to help others to lessen risk through our award-winning, collaborative approach to helping make 2 million people more resilient to flooding.

Confidence in a digital society

Making people and organizations more resilient by enabling and inspiring confidence in a digital society



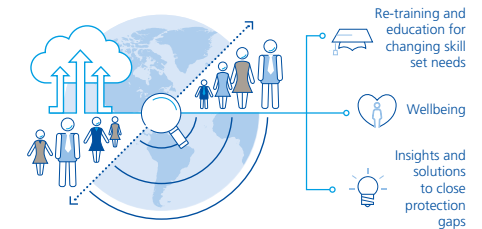
Inspiring confidence in an increasingly digital society

The digital transformation is well advanced, and it is affecting people worldwide. Today, there are more mobile phone licenses on the planet than there are people. Devices are connected and 'smart.' This offers enormous possibilities but also new risks. It requires being responsible in the way we work with and handle data. Zurich is also seeking ways to complement and support digital trends with a new generation of products and services.

In our global data commitment, Zurich pledges to protect the personal data of customers and never sell it, nor share it without being fully transparent. The commitment launched in September 2019 exceeds legal requirements and promises to only use data to do what is best for our customers. And we continue to work to contribute to increased cyber security through risk awareness, mitigation and insurance programs.

Work sustainability

...navigating the impact of the **changing nature of work** through:



Supporting our employees and customers in times of great change and transformation

The world of work is changing dramatically. With work sustainability as a priority, Zurich is helping to support these trends while protecting individuals.

In 2019, Zurich committed to a set of principles for our own workforce, aiming to create a sense of security and trust in the workplace, as we continue to grow. These principles include a commitment to prioritize employee development and up-skilling over external hires or outsourcing; to reject unsustainable behavior, including seeking cheaper employment merely for financial gain; and to offer career choices that match talents and ambitions, as much as current and future market needs.

We also do so by providing innovative and agile protection solutions to companies going through similar transformations and to individuals whose needs may change throughout their lifetimes.

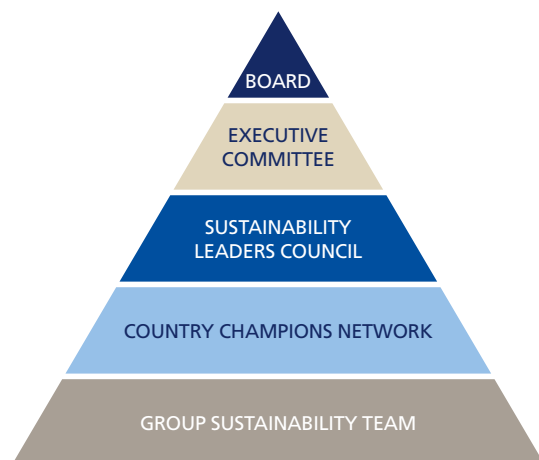
It is Zurich's purpose to protect, to inspire confidence, and to help everyone reach their full potential. By being innovative and caring, Zurich passionately believes we can make our world a more sustainable place to live and work.

Sustainability governance

The Board and the Executive Committee take an active role in overseeing and implementing our approach to sustainability. The Governance, Nominations and Sustainability Committee (GNSC), a standing committee of the Board, reviews and approves the Group's sustainability strategy and objectives. The GNSC also reviews and proposes to the Board for approval targets on matters related to ESG that have a material impact on business strategy, underwriting or business performance.

A key aim is to embed responsible and sustainable decision-making and actions into everything we do. To ensure accountability, our Executive Committee ensures that our sustainability strategy gets integrated into the business. The Sustainability Leaders Council, set up by the Executive Committee, ensures that we achieve our sustainability objectives. The Council comprises senior executives from across the business and is chaired by the Group Head of Public Affairs and Sustainability.

The relevant business units and Group functions determine the approach and method for delivering the agreed objectives. They are supported by local sustainability champions and a central sustainability team at the Group's headquarters.



Zurich's Code of Conduct, purpose and values

Our Group's Code of Conduct, is fundamental to our success. It ensures that all we do – as a business and as individuals – meets the highest ethical, legal and professional standards.



External indices to monitor our progress and improve our sustainability performance

In the 2019 Dow Jones Sustainability Indices (DJSI) Review, Zurich outperformed 99 percent of other companies in the insurance industry group, receiving Bronze Class distinction. Zurich is a member of the DJSI World and DJSI Europe Indices. Zurich has since 2004 annually submitted a Climate Change response to CDP, a not-for-profit charity that runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. Zurich's 2019 submission score increased to 'A-' leadership level. Zurich has been a constituent of the FTSE4Good Index Series since the index was introduced in 2001. Our ESG Rating Absolute Score in December 2019 was 4.4 compared with the highest possible score of 5. Zurich is also a constituent of the MSCI ESG Select Leaders Index. MSCI is an independent provider of research-driven insights and tools for institutional investors. As of July 2019, Zurich Insurance Group AG received an MSCI ESG Rating of 'AA.' As of September 2019, Zurich was rated in the 98th percentile among insurance companies assessed by Sustainalytics.



Zurich's commitment to help society understand and protect itself from climate risks

Zurich formally committed to the UN Global Compact in July 2011, to the Principles for Responsible Investment (PRI) in July 2012 and to the UNEP FI Principles for Sustainable Insurance (PSI) in October 2017. In June 2019, Zurich signed up as the first insurer to the Business Ambition for 1.5°C Pledge aimed at limiting average global temperature increases to 1.5°C above pre-industrial levels. In September 2019, Zurich increased its commitment to help society understand and protect itself from climate risks by joining the UN Net-Zero Asset Owner Alliance as a founding member. The members of this Alliance commit to transitioning their investment portfolios to net-zero greenhouse gas (GHG) emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures. This is an important milestone on its journey to becoming a 1.5°C degree-compliant business. We aim to achieve this through setting science-based targets and making changes within our business portfolios and operations.

Zurich has adopted the recommendations of the Financial Stability Board's Task force on Climate Change-related Financial Disclosure (FSB-TCFD) and is **reporting on progress** made in implementing its commitments.

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Our role as an insurer

Delivering sustainable value to our key stakeholders

In 2019 Zurich:

- Announced the launch of a new Climate Risk Advisory Service to support customers to understand how their business operations, strategy, and financial position might be affected by ever-increasing climate risks in the coming years and decades.
- Launched an innovative ecosystem approach that brings together a collaboration of specialized capability providers that strengthens the typical insurance coverage included in cyber policies.
- Launched a second edition of the Zurich Innovation Championship with a redoubled emphasis on sustainability, resilience and protecting the next generation.
- Signed up to the Business Ambition for 1.5°C Pledge.
- Updated its position on some of the most carbon-intense fossil fuels.
- Announced an industry-leading global data commitment.

Solutions with sustainable impact

We are living in a changing world that requires innovation. This is now transforming the way we protect customers, turning insurance from an industry that pays compensation when harm is done, to one that keeps people out of harm's way. We realize that the next generation is facing many new risks, related to health and well-being, climate change, cyber security, automation, and more. Therefore, our aim as an insurer is to offer our customers risk-focused solutions that help society adapt to transformation with confidence and support the future we want all want to be a part of.

Climate change

Natural Hazard Risk Engineering Assessment

Across the globe, homes, businesses and whole communities are frequently devastated by windstorms, wildfires, earthquakes, floods and other perils. The impact and likelihood of these natural hazards is increasing, often due to human development and now exacerbated by climate change. Recognizing these increasing trends, Zurich has expanded its specialized Natural Hazard Risk Engineering capabilities to meet increasing demands from our commercial customers to meet the increasing demand of customers for these specialized natural hazard services and take action to mitigate the risks. Since the 2011 Thailand flood event (which triggered the demand for these services), Zurich's customers have already invested tens of millions of dollars into risk mitigation efforts, already saving millions and proving that Zurich's value-adding risk engineering capabilities are making a real impact. As part of this effort, Zurich has also announced the launch of a new Climate Risk Advisory Service to support customers to understand how their business operations, strategy, and financial position might be affected by ever-increasing climate risks in the coming years and decades.

One Tree for One Policy – connecting customers with reforestation

Zurich launched the One Tree for One Policy initiative, where we plant a tree for each travel or life insurance policy that is purchased by a customer online. Beyond integrating this positive environmental benefit within our products, the aim is also to build broader public awareness around the importance of reforestation and nature-based solutions to address climate change – something that is explicitly communicated to all customers who purchase insurance products within the scope of our expanding One Tree for One Policy initiative.

<https://tree-nation.com/profile/zurich>



Natural Hazards Radar

Zurich Switzerland developed a user-friendly online tool to allow people to detect risks to property from floods, landslides, mud and rockslides. In 2019, an updated version of the Radar was launched, including perils such as floods from surface water, storms, earthquakes and radon.

Insuring renewables to support transition to low-carbon solutions

The deployment of renewable technologies across the globe is picking up speed and becoming the energy source of choice for both business, individuals, and governments. The climate benefits are clear and the costs are declining, setting up their adoption for extraordinary growth. Zurich continues to support this green growth opportunity through scaling a suite of insurance options to help customers make it easy to bring zero-carbon energy sources in their homes, offices, and factories. For example in Switzerland, Zurich insures an ever increasing number of rooftop solar installations on peoples' homes and businesses, as well as other zero-carbon solutions like geothermal installations, heat pumps, and electric vehicles. And for larger customers, Zurich also supports numerous solar and wind farms around the world.

Automation**Intelligent Automation of Claims – faster claims processes enables better climate resilience**

Across the insurance industry, the increased severity of natural disasters has driven an increase in damage and insurance claims. Extreme weather events are predicted to be more frequent and widespread, and by supporting our customers with speed and scale enables Zurich to contribute to supporting local economies and strengthen the climate resilience of the communities we serve. Every day that we can accelerate our claims service is a day quicker that homeowners and businesses can get back to rebuild their lives and livelihoods.



“As an insurer, our business is to manage risk: we help customers protect themselves against the consequences of climate-related events including advising them on risk prevention and mitigation so they can adapt and be more resilient in the future. Managing the climate crisis requires us all to do much more. In 2019, we made some bold commitments to do that and will share our progress annually.”

Alison Martin
CEO EMEA and Bank Distribution

Cyber security**Cyber Resilience – an ecosystem approach for supporting customers**

We work with companies to help them become as cyber resilient as possible. This is partly about helping them to protect their data and their networks as best they can. But it is also about ensuring that they are fully prepared in the event of a cyber incident and have embraced cyber resilience at all levels of the organization, and continue to improve and build their resilience over time. To do so, we launched an innovative ecosystem approach that brings together a collaboration of specialized capability providers that strengthens the typical insurance coverage included in cyber policies by wrapping a suite of cyber resilience and engineering services around these products – whether that is pre-breach mitigation or post-breach response.

Second Edition of the Zurich Innovation Championship launched with focus on sustainability

Zurich launched a second edition of the Zurich Innovation Championship with a redoubled emphasis on sustainability, resilience and protecting the next generation. This championship aims to find innovative startups that have the same aspirations that we have: to make the world a better and more sustainable place. In the second edition, we have received over 1300 applications from some of the world's most innovative impact-driven startups who will build on the successes of our first edition's 2019 winners:

- **Chisel AI:** Uses machine learning to turn unstructured data into insights and simpler customer experiences;
- **Zesty.ai:** Property and climate risk analytics powered by artificial intelligence;
- **LifeNome:** Digital healthcare startup creating personalized wellness approaches;
- **Soldier.ly:** Stress detection and intervention app that pairs with a smart watch;
- **Shayp:** Intelligent monitoring system for leaks in buildings.

Blue Marble Microinsurance



Blue Marble's CaféSeguro program in Colombia

Zurich Insurance Company Ltd is a founding member of Blue Marble Microinsurance, an organization with a mission of providing socially meaningful, commercially viable insurance protection to the underserved. A UK corporation owned by eight insurance entities, Blue Marble incubates and implements micro insurance ventures that support the economic advancement of underserved populations.

In 2019, the Blue Marble team renewed and significantly expanded the coverage of its weather index insurance program for smallholder coffee farmers in Colombia. The CaféSeguro program, originally launched in 2018, provides tailor-made insurance coverage for severe rainfall and drought during the coffee crop's developmental stages when it is most vulnerable to weather shocks. Through this program, Blue Marble serves about 3,275 smallholder farmers, representing a 46 percent increase over 2018. Supported by new government subsidies for crop insurance, smallholder farmers have seen their insurance coverage triple and their costs decrease substantially. Blue Marble had a 100 percent renewal rate among existing cooperatives and added a new cooperative, Alto Occidente, to the program. In its first year, CaféSeguro protected 2,250 farmers belonging to the Aguadas, Norte de Caldas and Andes coffee cooperatives in Caldas,

Colombia. The majority of the farmers received insurance payouts in the first year after a severe drought affected their crops. Blue Marble will continue to expand the CaféSeguro program in Colombia through the coffee cooperative model. It will also explore new business models to serve additional smallholder farmers, while advancing plans to scale the program to other crops and countries.

Also in 2019, Blue Marble Microinsurance was awarded a long-term agreement from the United Nations World Food Programme (WFP), to become a provider of weather index insurance solutions for the organization across the African continent. The goal of the collaboration between Blue Marble and WFP is to improve the financial security of smallholder farmers by delivering meaningful, affordable insurance solutions. Blue Marble and WFP have been working together in Zimbabwe in the R4 Rural Resilience Initiative since 2018, protecting smallholder farmers against drought through designing and implementing risk transfer solutions. The R4 initiative supports smallholder farmers across Africa by facilitating access to financial services involving risk management. Blue Marble has developed an insurance offering that is customizable to soil types, crops, seed varieties and farming practices. It uses satellite technology to monitor parameters that trigger payouts, eliminating the need for costly infield assessment.

Sustainability risks in underwriting

A company of Zurich's size and influence can make a significant positive contribution to society by proactively working with our customers, regulators, civil society, investors and other stakeholders to identify, assess and mitigate environmental, social and governance risks. We have used our proprietary risk-profiling methodology since 2012 to prioritize five key sustainability risks to be monitored across all our business transactions. These included:

- **Respect for human rights**, in particular avoiding business involving child labor, forced labor, poor health and safety conditions or unfair remuneration;
- **Banned weapons**, avoiding business involving the manufacture, sale, distribution or stockpiling of cluster weapons or anti-personnel mines;
- **Dam construction**, avoiding unacceptable social, political or environmental risks of specific dam construction projects;
- **Oil and gas operations**, and **mining operations**, avoiding risks involving damage to protected areas or critical natural habitats, corruption and human rights abuses.

Since then we have developed a more sophisticated sustainability issues framework. This is a systematic and fully integrated approach to identifying, assessing and recommending action on potential risk and opportunity areas from a sustainability perspective across all our activities, but particularly in investment management and underwriting. This is a three-step process:

1. **Issue identification:** filter issues from various sources (ESG research, social and traditional media, NGOs, businesses) and identify those select issues to go through our risk assessment process.
2. **Risk assessment:** risk assessment by filtering issue through public commitments, role of insurance, underwriting risk assessment, market exposure assessment, etc. Our Executive Committee approves a position statement on the issue, recommends business actions and takes reputational management considerations into account.
3. **Implementation:** Businesses locally implement mitigation actions and reputational management plans. Support available from experts across the Group and escalation follows normal governance procedures.

New position on thermal coal, oil sands and oil shale

Building on Zurich's 2017 position on thermal coal and aligned with the announcement that Zurich signed up to the Business Ambition for 1.5°C Pledge, Zurich updated its position on some of the most carbon-intensive fossil fuels in June 2019. The updated position outlines that Zurich generally will no longer underwrite or invest in companies that:

- generate more than 30 percent of their revenue from mining thermal coal, or produce more than 20 million tons of thermal coal per year;
- generate more than 30 percent of their electricity from coal;
- are in the process of developing any new coal mining or coal power infrastructure;
- generate at least 30 percent of their revenue directly from the extraction of oil from oil sands;
- are purpose-built (or 'dedicated') transportation infrastructure operators for oil sands products, including pipelines and railway transportation;
- generate more than 30 percent of their revenue from mining oil shale, or
- generate more than 30 percent of their electricity from oil shale.

For clients and investee companies that exceed these thresholds, Zurich will engage in an in-depth dialogue for a maximum period of two years on credible mid to long-term transition plans.

Anti-bribery and anti-corruption

Zurich is committed to fair and responsible business and prohibits all forms of bribery and corruption, and any business conduct that could create the appearance of improper influence. Zurich's anti-bribery and anti-corruption Group policy sets out our global framework addressing the common areas of risk and includes the requirement for local compliance functions to appoint an anti-bribery and anti-corruption officer; complete a focused anti-bribery and anti-corruption risk assessment; identify and record appropriate mitigating processes within the business; and embed appropriate management information, key performance indicators, reporting and monitoring processes.

Zurich's data commitment

In 2019, Zurich announced an industry-leading global data commitment. Going beyond legal requirements, Zurich's data commitment includes a promise never to sell customers' personal data nor to share personal data without being fully transparent, meaning customers will always be notified if their personal data is shared, and with whom. Further, any third party with whom Zurich does share personal data is bound by an enforceable contract, which sets out how that personal data can be used.

This new commitment is part of our objective to inspire confidence in a digital society. To help achieve this goal, Zurich also pledges to use data to do what is best for customers. For example, insights from the data will enable Zurich to provide innovative services that help to prevent incidents, expanding the traditional protection offered by insurance. These include smart services for home protection, and to improve health and well-being, as well as travel that keeps customers out of harm's way.

The four promises made to our customers in Zurich's data pledge are to:

- Keep their data safe;
- Never sell their personal data;
- Not share their personal data without being transparent about it;
- Put their data to work so Zurich can better protect them, and so they can get the most out of life.



"We've been collecting data from our customers for almost 150 years, but it comes with a big responsibility to keep it secure and only use it in an ethical and transparent manner. At Zurich, we take this responsibility very seriously and our data commitment represents a major milestone in this new digital era and a unique promise within the insurance industry."

Kristof Terryn
Group Chief Operating Officer



Our role as investor

In 2019, Zurich:

- Committed to a fully decarbonized investment portfolio by 2050.
- Enhanced its thermal coal policy by lowering target thresholds and introduced a new policy on oil sands and oil shale.
- Became founding signatory to the International Finance Corporation (IFC) Operating Principles for Impact Management.
- Won two awards for our multi-class impact investment and measurement approach.

Investing our Group assets responsibly

Responsible investment can mean different things to different people. Zurich has primarily chosen to pursue it in three ways:

- **ESG integration:** Besides examining financial performance, we also assess the environmental, social and governance (ESG) 'performance' when analyzing individual investments and investment managers. We consider these assessments when we decide whether to buy or sell assets.
- **Impact investing:** We fund institutions or projects that, besides generating a safe, adequate return, have a targeted and measurable positive impact on the environment or society.
- **Advancing together:** Responsible investing is a story that is still being written. We are helping to write it, together with a broad group of stakeholders.

Shaping a more resilient tomorrow

Our recent commitments on climate change mitigation

Supporting the Group's ambition to be one of the most responsible and impactful businesses in the world, Zurich is continuously reviewing and enhancing its positions and processes as a responsible investor.

In September 2019, Zurich joined the UN Net-Zero Asset Owner Alliance as a founding member. The members of this Alliance commit to transitioning their investment portfolios

to net-zero greenhouse gas (GHG) emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures. This is an important milestone on its journey to becoming a 1.5°C-compliant business. We aim to achieve this through setting science-based targets and making changes within our business portfolios and its operations.

Zurich recognizes the vital role science-based targets play to meet the Paris Agreement's targets by specifying how much and how quickly companies need to reduce emissions. Currently, in the insurance sector, science-based targets do not typically exist for neither underwriting nor investment portfolios. However, as part of Zurich's pledge, we commit to playing an active role in developing such methodologies. Zurich joined the Stakeholder Advisory Group of the Science Based Target initiative (SBTi), a project to help financial institutions align their lending and investment portfolios with the Paris Agreement ambition in 2019.

We are supporting collaborative initiatives and working together with other industry participants to advance responsible investment practices and will keep advocating for public policies that support the transition of economic sectors to a climate-neutral economy – in line with science and while taking into account social impacts. As a first step, we enhanced our thermal coal policy by lowering target thresholds and introduced a new policy on oil sands and oil shale. Within the two-year time window that the policy provides, Zurich will engage with investee companies and clients in order to identify where they stand in their transitioning process. The target of our engagement is to move these companies below the 30 percent coal/oil sands/oil shale threshold or get them to commit to set science-based targets within a reasonable timeframe and show credible progress toward these targets. See page 15 for more details.

Moreover, as part of driving ESG integration with regard to climate risk, we developed a methodology to indicate the 'transition readiness' of a company. A simple score ranks companies according to their exposure to climate change transition risk, indicating their relative position in being part of the climate change 'problem' or 'solution.' The data are available to all our portfolio managers through our in-house data warehouse system. In addition, we are asking our external asset managers to fully integrate transition risks in their investment decisions.

Leadership in impact investments

Our impact investment portfolio grew from USD 3.8 billion in 2018 to USD 4.6 billion in 2019, helping to avoid 2.8 million tons of CO₂-equivalent emissions and, separately, improve the lives of 4.2 million people annually, as of December 2019. The portfolio includes not only green, social and sustainability bonds, but also our commitments to 7 private equity funds that are active in fields such as financial inclusion or clean tech, as well as private debt impact infrastructure investments such as wind or solar farms.

The targets we set ourselves in 2017 were to achieve total impact investments of USD 5 billion that would result in avoiding 5 million tons of CO₂-equivalent emissions while improving the lives of 5 million people each year. In 2019, we published a methodology paper for our innovative impact **measurement framework**, to share how we developed the measurement framework for these targets and about what was learned with the market. The framework is the first of its kind to measure CO₂-equivalent emissions avoided and the number of people who benefited from its investments and aggregate these two metrics across asset classes and investment instruments. We are aware of the shortcomings the framework brings, and therefore see our methodology as an important starting point. We hope others will benefit from our experience and also measure their impact, and we would be interested to learn from their experiences and share ideas for improvements. In turn, the investment community can help to make reporting and measurement more effective by providing readily accessible data, reporting according to the International Financial Institution's harmonized framework and developing a common framework for the concept of 'people benefited.'

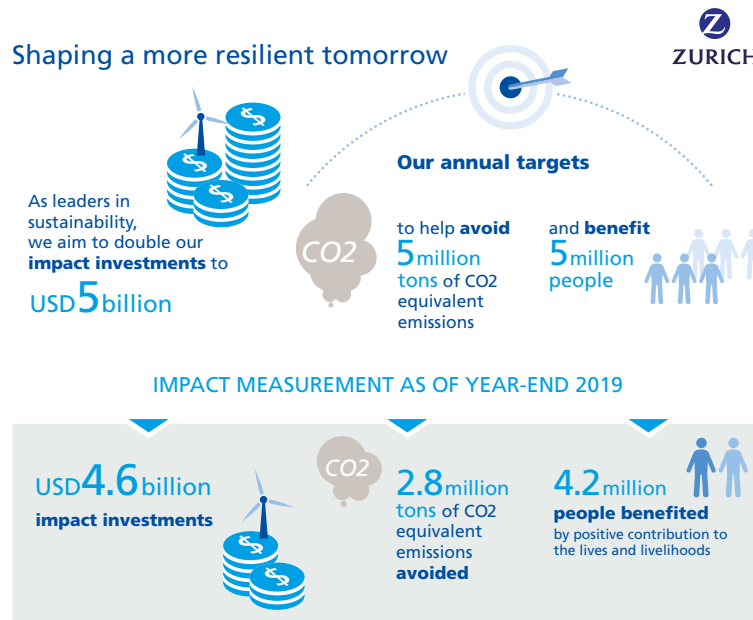
In April 2019, Zurich became founding signatory to the **International Finance Corporation (IFC) Operating Principles for Impact Management**, a framework for investors ensuring that impact considerations are integrated throughout the investment lifecycle. We have been elected to serve on the first board of the IFC Principles. Furthermore, we have been re-elected to the Steering committee of the Green, Social and Sustainability Bond Principles.



"2019 was a year of bold commitments, and strong progress against existing ones. We increased our impact investing portfolio to USD 4.6bn, introduced an open source methodology to measure the social and environmental impact of our impact investments, and committed to move towards fully climate-neutral portfolios by 2050 – in line with keeping global warming at under 1.5°."

Urban Angehrn
Group Chief Investment Officer

Shaping a more resilient tomorrow



Notes:

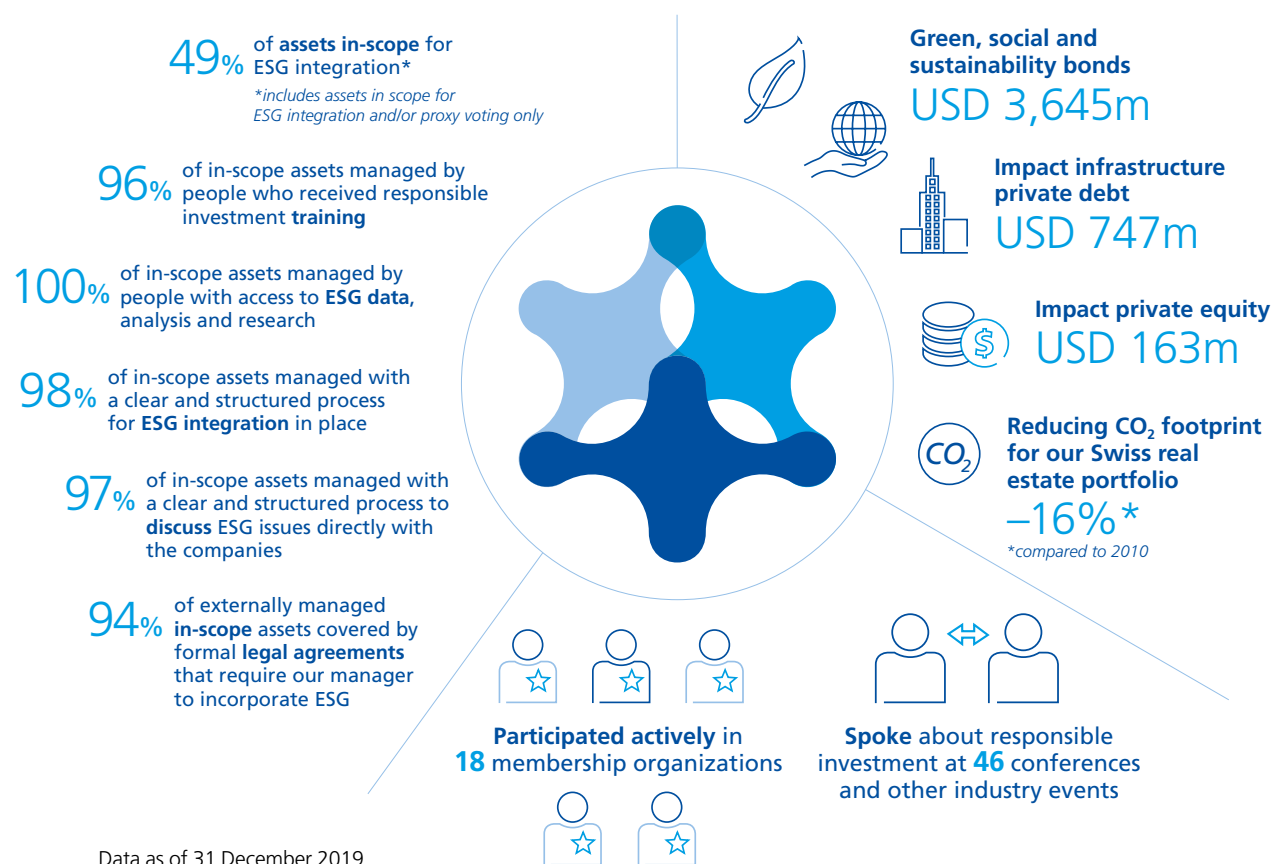
- 1) Based on information reported by the issuers of impact investing instruments, 'people benefited' might include full target audience for some projects.
- 2) Scope: 80 percent green bond portfolio, 80 percent social/sustainability bond portfolio, impact private equity, impact infrastructure private debt, Swiss real estate.
- 3) Pro-rata: only the share of Zurich financed impact taken into account.
- 4) Timing: report and extrapolated data as of December 2019 for green and social bonds and impact infrastructure private debt; reported data December 2018 for private equity funds and Swiss real estate.

European Investment Bank – case study



©Rentel, a major North Sea offshore wind farm

As of December 31, Zurich held USD 160 million of European Investment Bank (EIB) green bonds the largest supranational issuer of such bonds. One of the projects that received allocations from the proceeds raised by EIB's green bonds is Rentel Offshore Wind, a major North Sea wind farm. Located 42 kilometers off the coast of Ostend, Belgium, it was developed with an estimated investment of EUR 1.1 billion. With an installed capacity of 294 MW, the project is one of the biggest offshore wind farms in Belgium.



Market recognition

During 2019, we achieved various award nominations for our responsible investment, demonstrating our active and leading approach in responsible investment. In March 2019, Zurich was awarded with the first ever 'Investor of the Year' recognition in the 2019 Environmental Finance Bond Awards. The judges of Environmental Finance's bond awards saluted Zurich Insurance Group's pioneering work on green, social and sustainability bonds.

One award judge said "Zurich has been a pioneer in green bond investment" and that Zurich's Group Head of Responsible Investment, Johanna Köb "has worked hard on the GBP (Green Bond Principles) executive committee." In November 2019, the Global Steering Group for Impact Investment (GSG) awarded the 'Impact Asset Owner Award' to Zurich, recognizing our work on impact measurement and the contributions we have made toward expanding this market.

Responsible investment key performance indicators

	2019	2018	Change	2017	2016	2015
External asset managers who are signatories to PRI (%) ¹	81.3%	74.2%	7.1 pts	71.0%	74.1%	70.4%
Group assets managed by PRI signatories (%) ²	97.5%	97.2%	0.3 pts	97.2%	97.7%	98.1%
Total amount of impact investments (USD millions) ³	4,555	3,790	20.2%	2,830	1,704	1,031
Investment portfolio (USD millions) ⁴	204,803	195,472	4.8%	207,261	195,852	191,238

¹ The United-Nations supported Principles for Responsible Investment (PRI).

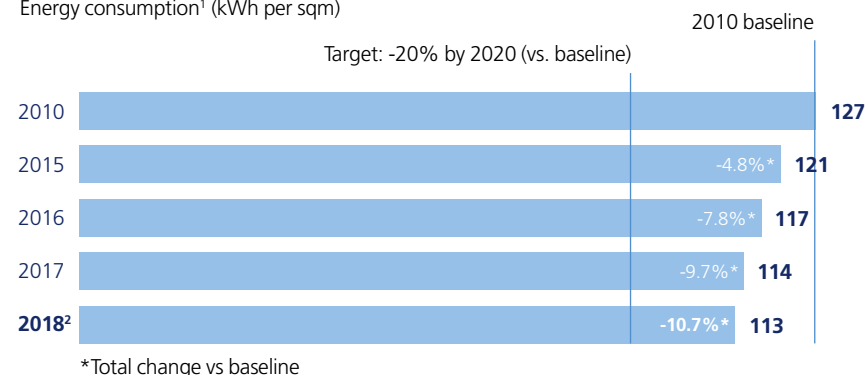
² Including assets managed by Zurich.

³ Impact investments in 2019 consisted of: green bonds (USD 3.1 billion), social and sustainability bonds (USD 539 million), investments committed to private equity funds (USD 163 million, thereof 36 percent drawn down) and impact infrastructure private debt (USD 747 million).

⁴ Investment portfolio is calculated on a market basis, and is different from the total Group investments reported in the Consolidated Financial Statements, which is calculated on an accounting basis and doesn't include cash and cash equivalents.

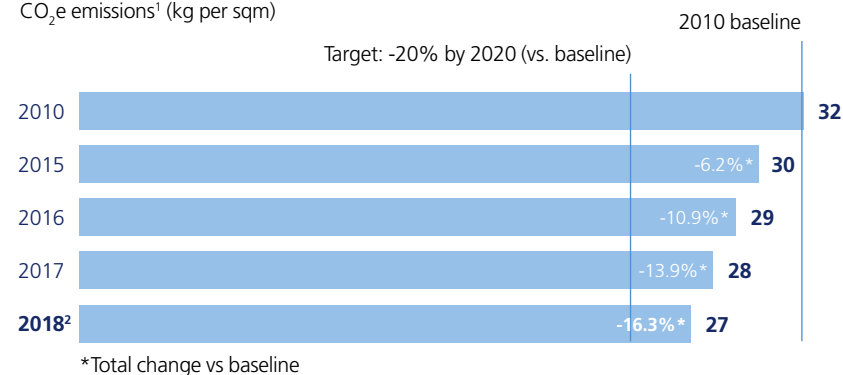
Impact of real estate investment

Energy consumption¹ (kWh per sqm)



Impact of real estate investment

CO₂e emissions¹ (kg per sqm)



¹ Scope includes Real Estate Investments in Switzerland (40% of global direct real estate investment value). Buildings in the real estate investment portfolio are largely not used by Zurich. The environmental footprint of Zurich's own-use real estate is reported in Zurich's environmental section. The data are based on meter readings and energy supplier information and are heating degree adjusted.

² Impact of real estate investment data 2019 will be available in Q1 2021.



Our role as employer

In 2019, Zurich:

- In the UK is tackling the gender pay gap head-on with a new, first-of-its-kind initiative to advertise every vacancy as a potential part-time, job-share or full-time working opportunity, alongside agile working.
- In Spain launched its 'Brave' program, with the aim of enhancing gender balance across all career levels.
- Kicked off NEXT a group of 'next generation' (i.e. millennials and Generation Z) colleagues, aiming to give a voice to newer generations, shape Zurich's legacy and future-proof our company globally.
- Signed up to the United Nations' Standards of Conduct for Business to tackle discrimination against lesbian, gay, bi, trans and intersex people.
- Signed the UN Women's Empowerment Principles.
- Has implemented several initiatives to improve our female promotion rates, as we move from a 'buy talent' to 'build talent' strategy.

Overview of diversity, inclusion and work sustainability at Zurich

A diverse and inclusive workplace is key to driving innovation and engagement for our people, customers, suppliers, investors and our communities around the world, and succeeding as a company to deliver on our ambitions: to protect people, to inspire their confidence, to help them reach their full potential, to attract, select and retain diverse talent. We want everyone to feel included and empowered.

We aim to create a workplace where our people thrive and experience an environment that is diverse and inclusive, where everyone's voice is important to us. We embrace the diversity of our employees and we capitalize on the different experiences, skills and perspectives that they have.



Chicago Pride Parade - June 30, 2019

We are facing rapid and drastic changes in society, which also affect the economic, social and work environment. People are affected in different ways, so new, agile approaches are required to address and manage diversity in the best way. All employees are equal and everyone is different. Diversity encompasses different points of view and competencies. A truly diverse organization is one that promotes interactions across all levels, and is open everyone regardless of characteristics such as race, age, sex, gender identity or expression, sexual orientation, national origin, religion, disability, pregnancy and veteran status. If we can ensure that everyone contributes according to their strengths and potential, this will create possibilities for everyone and enable everybody to achieve more in the future. Understanding and actively managing diversity represents an opportunity for every individual, and Zurich as a whole.

Our Group-wide Code of Conduct states that we maintain an environment that is respectful of all employees and free from all forms of discrimination and harassment.



Diversity and inclusion actions from around the Group

We are acting to further embed diversity and inclusion in the way we do business, by focusing specifically on achieving more rapid results, while building an open and supportive culture. Our Diversity and Inclusion (D&I) framework provides global direction while empowering local action.

Our many global initiatives include: equal pay for equivalent work or similar analysis, improving access to parental leave, offering flexible and virtual teamwork, and work-life balance practices, celebration of Pride month across the world, helping to maintain the performance and health of our employees, thus contributing to our company's profitability and competitive positioning. Moving from awareness to action is a key organizational priority.

In 2019, Zurich was a global sponsor of the Dive In Festival, a worldwide movement in the insurance sector that supports the development of inclusive workplace cultures. Some of our leaders took part in workshops and panels, and we encouraged employees to attend local events.

Zurich UK is tackling the gender pay gap head-on with a new, first-of-its-kind initiative to advertise every vacancy as a potential part-time, job-share or full-time working opportunity, alongside agile working. This initiative has already generated significant change. Just three months

after it was introduced in 2019 there was a 25 percent increase in the number of females applying for jobs across all levels of the business. The rise is particularly prominent among senior management roles, which has seen an increase of 45 percent.

In 2019, Zurich Spain launched its 'Brave' program, with the aim of enhancing gender balance across all career levels. The program includes a review of talent management practices to ensure representation of female external and internal candidates as well as in succession planning. In addition, training programs have been developed for all people managers on inclusion (starting with an assessment of unconscious bias and its impact on decision making), a career acceleration program for the top 26 female employees, and a brand new family program, which includes a gender-neutral enhanced parental leave offering. Employees can now take the lead in recommending to their managers how they want their role to be covered whilst they are taking parental leave and how they will stay in touch with Zurich during their absence. Under this new policy, all parents are strongly encouraged to take their entire leave. Since implementing these changes, Zurich Spain has seen 50:50 gender balance in all new management roles, promotions and external hires.



Employee Resource Groups

Zurich North America's (ZNA's) employee resource groups (ERGs) have grown from six to nine with approximately 30 percent of the employee population engaged. The ERGs provide spaces for employees to connect, grow, develop and engage with peers that share similar traits and experiences. They provide opportunities for connection around different affinities, such as gender, race or ethnicity, ability, sexual orientation, military affiliation, faith and more. A recent ERG Pulse Check Survey found that 84 percent of respondents reported ERGs help them feel more connected to Zurich (22 percent that ERGs help them feel extremely connected to Zurich). The impact of the ERGs allows Zurich to attract, develop and retain top talent that is diverse and committed.

NEXT

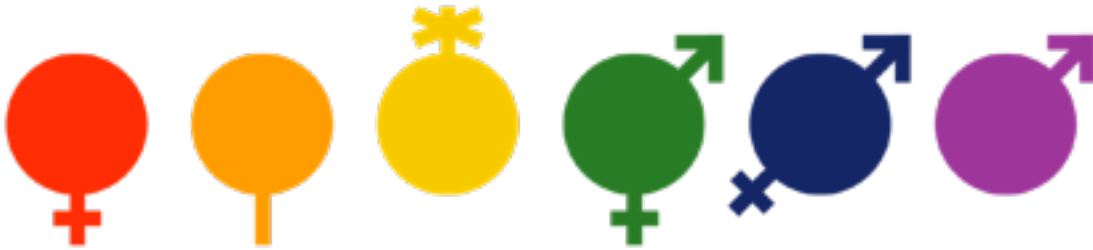
In 2019, a group of 'next generation' (i.e. millennials and Generation Z) colleagues at Zurich kicked off NEXT, a global movement aiming to give a voice to newer generations, shape Zurich's legacy and future-proof our company globally. Changing world demographics alter expectations toward companies like Zurich. Not only as insurance or service providers, but also as employers and corporate citizens in our communities. Zurich wants to ensure that we are prepared to meet the changing expectations of younger generations. While NEXT is focused on creating a Zurich that addresses the expectations of millennials and Generation Z, it really needs the support of all employees. This a 'movement' where all employees, regardless of their age, are involved in shaping the future of Zurich.

Awards

In 2019, Zurich was recognized by leading organizations for our ongoing efforts to foster an environment that provides equal opportunities for all our employees regardless of gender, race, ethnicity, age, sexual orientation or identity, or other aspects of perceived differences. For example, Zurich Insurance Group was selected for the 2019 Bloomberg Gender-Equality Index (GEI) and included on Forbes' 2019 list of America's Best Employers for Diversity.



Furthermore, Zurich had 8 business units certified at EDGE Assess status, with four entities certified at EDGE Move status in 2019. Zurich is the first company to be certified in Chile and Argentina. Zurich Spain, Brazil, Mexico and our Swiss business unit are among 25 companies to be recognized at EDGE Move level for demonstrating progress in improving gender equality. As of December 2019, 12 Zurich business units in 11 countries are EDGE certified with four certified at EDGE 'Move' level.



LGBT+ rights are human rights. Zurich has signed up to the United Nations' Standards of Conduct for Business to tackle discrimination against lesbian, gay, bi, trans and intersex people. In doing this, Zurich aims to contribute to a positive social change in the communities where we do business.

In October 2019, Group CEO, Mario Greco, signed the UN Women's Empowerment Principles (WEPs), which provide a

framework to help companies empower women in the workplace, marketplace and community.

These commitments and certifications are a strong testament to Zurich's commitment to diversity, gender equality and fostering inclusiveness in the workplace. Recruiting and retaining diverse talent is crucial in an ever-competitive marketplace and is a priority for Zurich.

Our commitment to work sustainability

The impact of our industry's transformation on how we work is a hot topic. At Zurich, we are taking a proactive approach to ensuring we are all ready for the future of work, in order to serve our changing customers and provide great jobs for our employees – both now and in the future.

We are making work sustainability one of our top priorities by empowering our people to become fit for the future and take ownership of a life-long approach to learning. In 2019, we put in place shared commitments with our employees, in order to create a sense of security and trust in the workplace, as we continue to grow. These commitments include the following principles: to support and develop the skills our employees need for the future; to prioritize development of current employees over hiring externally; to work to keep all possible jobs within the company; and to offer career choices that match our employees' talents and ambitions as much as current and future market needs.

We have already made good progress in learning and development initiatives around the Group. In addition, we remain proud of our innovative work-based learning to prepare young people across our business for a career in insurance, and we are expanding apprenticeships and opportunities for work-based learning across our business. For example, in 2016 we introduced an apprenticeship program in the U.S. allowing participants to attend college courses while getting on-the-job work experience. Run in conjunction with Harper College near our North America headquarters in Schaumburg, Illinois, in 2018 the program won an innovation award. As of 2019, Zurich has hired 85 participants into their US-based program. In fact, the program has been so successful that we helped establish the Chicago Apprenticeship Network, which has now collectively sponsored over 600 apprentices in the Chicagoland area, and are now considering how to expand that sharing approach to drive a national movement for apprenticeships across the insurance sector.



The nature of work is being redefined by technology, including artificial intelligence, machine learning, virtual reality and robotics. We must prepare ourselves well for the challenges and opportunities ahead, providing learning for new skills and an environment where we can thrive. Across the Group Zurich is developing and re-skilling employees to ensure its people have the skills needed to take advantage of new technology. For example, some of the Zurich North America Human Resources team undertook training in Robotic Process Automation (RPA) to design and implement robots in a “learning while working and working while learning” fashion. The team was able to automate repetitive back-office processes, freeing up team members to work on more value-added tasks.

As we move from a ‘buy talent’ to ‘build talent’ strategy, we have implemented several initiatives to improve our female promotion rates. This includes a holistic approach to development and career acceleration. Examples include improving access to development programs, sponsoring female talent and reducing unconscious bias in our assessment and selection processes. We are making demonstrable progress and are tracking selection and promotion rates among other key performance indicators (KPI’s) on a semiannual basis at the highest levels of the organization. Identifying, planning and implementing actions to accelerate the careers of women across the business is having a positive impact. For example, since 2016, female representation has improved across senior career levels in our organization. In 2019, 50 percent of promotions into our global leadership team have been female. In addition, over the last 12 months we have seen an improvement in the percentage of female talent hired and promoted across all levels of the organization.

Health, safety and well-being in our office buildings

Zurich is committed to improving employee well-being. We strive to create working conditions that promote work-life balance and employee well-being. We believe employees who are healthy, happy and motivated are more productive. We support measures that allow employees to grow in four dimensions of well-being – physical, social, mental and financial – all linked to our purpose as a company. Our goal is to provide individuals with the awareness and tools they need to take action to improve their own well-being. Furthermore, we foster the development of health awareness programs across Zurich to help reduce the stigma of the impact of stress and to foster a health-promoting work environment.

In our office buildings, we ensure safe and healthy working environments, support professional advancement and safeguard basic rights on the job for all employees. Our mission is to provide Zurich employees, customers and visitors with a modern and inspiring environment that fosters creativity. Zurich supports new ways of working and a people-centric culture with purpose-built spaces for collaboration, innovation and customer insights.

Well-being initiatives

Zurich is committed to providing an energizing and motivating work environment, where employees feel they can thrive, talents can develop, people feel valued, and where a balance between work and life is achievable. In 2015, a holistic framework was developed and applied across the Group with global direction and local implementation to meet the different needs of our people. It is the foundation of all work that is done in relation to employee well-being, based on four pillars: mental, social, physical and financial well-being.



Flexible working

We also support flexible working arrangements.

Flexwork@Zurich is a way of working, which allows people to work where, when and how they choose with maximum flexibility and minimum constraints. This framework encourages Zurich employees to seek ways to achieve the best results, while responding to changing customer demands. We encourage collaboration within teams to find the best solutions to achieve results that will differ across Zurich. With Flexwork@Zurich, we want to increase the ability to respond to changing customer and stakeholder needs, engage teams to collaborate effectively and ensure maximum productivity and creativity, empower employees (which helps to reduce turnover), and encourage managers to support a healthy work-life balance. To enable that, Flexwork@Zurich has evolved into Flexwork 2.0.

Flexwork 2.0 was developed as a result of employee feedback and external best practices and is deployed within Zurich in various ways. Business units within Zurich may focus on IT investment and connectivity, or our managers' ability to focus more on results. Lack of senior roles available on a part-time basis is also a focus within Flexwork 2.0, as this was identified as a major barrier to career progression.

Key performance indicators

As a Group, we are tracking progress on a regular basis to ensure that we are focusing on the right initiatives to foster a diverse and inclusive environment (for example, the number of women at senior levels, the number of female hires and promotions, our gender pay gap and an equal pay for equivalent work analysis.) We will continue to focus on achieving external recognition for the work that we do and build on the feedback that these indexes and certifications provide.

People key performance indicators

	2019	2018	Change	2017	2016	2015
Total number of employees - headcount	55,369	53,535	3.4%	53,146	53,894	55,732
Total number of employees – FTE (full time equivalents)	54,030	52,267	3.4%	51,633	52,473	54,335
Employee turnover rate (%) ¹	13.6%	14.1%	(0.5 pts)	14.7%	16.5%	12.9%
Average tenure (years)	9.7	9.7	n.m.	9.8	9.9	9.6
Group voluntary turnover ¹	7.2%	7.5%	(0.3 pts)	7.5%	8.2%	-
Technical functions voluntary turnover ^{1,2}	6.5%	7.0%	(0.5 pts)	7.1%	8.7%	-
Female workforce participation (%)	51.1%	50.7%	0.4 pts	50.6%	51.1%	51.9%
Female participation in Leadership Team (%)	22.6%	22.3%	0.3 pts	21.0%	16.2%	13.7%
Employee participation in Group-wide feedback channels (%) ³	76.0%	70.0%	6.0 pts	-	-	-
Employee net promoter score (ENPS) ⁴	+26	+7	19.0 pts	-	-	-

Notes: The 'active learners' key performance indicator is not reported for 2019 due to a change in reporting systems. Bolivia and the Farmers Exchanges are not in scope of any above key performance indicators (KPIs). The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Zurich Insurance Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

¹ Turnover figures only consider regular and inpatient employees.

² Technical functions include Claims, Underwriting and Risk Engineering.

³ Group-wide feedback channels include organization health surveys, employee net promoter scores (ENPS) and any other Group-wide feedback channels.

This KPI refers to the average participation rate in the two occurrences of the employee net promoter score survey.

⁴ ENPS is calculated as the average of the two surveys carried out during the year, measuring employee loyalty through the likelihood to recommend the company as a place to work.



Our role in society

In 2019:

- The Z Zurich Foundation (Foundation), a private foundation funded by various members of the Zurich Insurance Group, continued to support Zurich's business units worldwide in tackling local social challenges and needs through the approval of new local grants and the renewal of existing commitments.
- Zurich in Ireland and Rugby Players Ireland, with the support of the Z Zurich Foundation, launched the second phase of this national campaign to bring 'Tackle Your Feelings' to schools and businesses, giving more people the resources to be mentally fit.
- Zurich's Flood Resilience Alliance (Alliance), funded by the Z Zurich Foundation, continued to support the generation of USD 1 billion in additional funding for flood resilience.
- The Alliance scaled up its work in climate action, to help make 2 million people more resilient to flooding.

Investing in our local communities

Enhancing community flood resilience

The Zurich Flood Resilience Alliance (the Alliance) is a multi-sector, global partnership focused on finding practical ways to help communities strengthen their resilience to floods globally and save lives. Phase I of the Alliance was launched in 2013 with the goal of shifting focus from flood response and recovery to pre-event risk reduction. In the first phase of the program, we reached over 225,000 direct beneficiaries across our 13 programs in nine countries. In light of the significant successes achieved in Phase I and recognition that systemically building flood resilience necessitates longer-term funding cycles, the Z Zurich Foundation extended an additional CHF 20.3 million in funding for a second five-year phase starting in 2018. In Phase II, the Alliance has been broadened to include new members in more countries, and more ambitious goals have been set, including increasing the investment from others going into pre-event resilience by USD 1 billion and scaling up its work in climate action, to help make 2 million people more resilient to flooding.

The Alliance is comprised of nine organizations from the private, international development, humanitarian, and research sectors. Successful collaboration across these organizations has required consistent relationship building to harness the diverse strengths and skills of the members of the Alliance. This enables us to work toward a set of common goals that are broader and more impactful than those we could or would take on individually.

"The Alliance is the biggest consortium I've been a part of and the way we're working as a real team – across so many organizations, geographies and institutional agendas – is unusual and a real achievement."

Lucile Robinson
Alliance Knowledge Manager

In partnership with:



The Alliance's approach to building flood resilience is defined by the Flood Resilience Measurement for Communities (FRMC), a holistic framework that promotes systems thinking to understand the resilience context of a community. Alliance communities and Alliance members work together to use knowledge gained from application of the FRMC to identify critical flood resilience interventions that generate benefits across a broad range of issues and areas. This deep analysis of the community, conducted prior to considering how to intervene, is critically different from more traditional approaches, which often conduct only minimal analysis and rely on off-the-shelf solutions that do not always reflect the local context or needs. This difference in its fundamental approach makes the Alliance quite unusual.

“The Alliance looks at resilience from a different perspective. Looking from just one angle can result in gains in one place, collateral damage in another. The

FRMC requires looking across multiple areas and thinking where strengths can be utilized.”

Madhab Uprety
Practical Action, Nepal

The Alliance has applied the considerable value of what we learned from our initial work in Phase I to Phase II. As well as engaging with communities, we spent time in 2018 considering how we are going to achieve impact and have developed a ‘theory of change’ that outlines the changes we believe we need to see. This is tracked through a monitoring and reporting system enabling all members of the Alliance to focus on delivering our broader objectives.



A Mexican Red Cross team visits the pristine upstream area of a river in Chiapas, Mexico, upstream of the communities with whom the Alliance is working. The pristine natural state of the river is one of the key assets the community has, but the community is becoming increasingly afraid of floods and has the perception that only ‘construction’ can ‘fight’ the river. We want to include more natural, ecosystems-based approaches to flood resilience building.



Resilient leaders network in Peru,
2019 © Practical Action



Evacuation in progress during a flood drill in Nepal.
Photo: Practical Action



Evacuation in progress during a flood drill in Nepal.
© Practical Action

Phase II's broader objectives

- Supporting the generation of USD 1 billion in additional funding for flood resilience;
- Encouraging effective public policy in support of flood resilience;
- Developing sound practices and policy support for flood resilience;
- Measurably enhance flood resilience in vulnerable communities across the world.

Progress in the first year of Phase II of the Alliance

- Integrating Alliance messaging into high-profile global- and national-level government policy recommendations. For example, the Alliance policy messaging was integrated into the Swiss government's official statement for the 2019 Global Platform for Disaster Risk Reduction, and the benefits of resilience concept has been adopted by the Global Commission on Adaptation in its call for action on adaptation and resilience investment;
- Zurich is increasingly recognized as an expert in climate change and resilience, and has been active in government-led consultations on the EU Floods Directive fitness check, and UK and Scotland's consultations on climate and flood resilience in the UK, where it advises the government and the UK Environment Agency on climate and flood resilience;
- Successfully influencing national level flood resilience policy and spending by leveraging successes from Phase I;
- Influencing external replication and scaling of the FRMC and Phase I best practices, including new community-engagement in the UK and Germany to implement the FRMC in collaboration with local authorities;
- In Nepal, the Alliance is working with sub-national through national governments to institutionalize the flood early warning system piloted by Practical Action Nepal in the Karnali Basin in Phase I;

- Zurich provided technical support to enable the application of the FRMC in a CHF 1 million project in Nepal and India by the Lutheran World Relief;
- In Nepal, a USAID supported Office of U.S. Foreign Disaster Assistance (OFDA) project is using the FRMC for baseline data collection and plan to use the results to guide them in designing early warning system-related interventions;
- During this year, the Alliance has made progress towards its key target, to influence USD 1 billion in additional funding from third parties. The Alliance has influenced around CHF 13.3 million so far including:
 - support from the Peruvian National Disaster Fund for rainfall and weather monitoring using approaches created by the Alliance;
 - the replication of the PERC methodology in the U.S. to study wildfire resilience working with a Zurich customer;
 - funding for Alliance work on feasibility studies for environmental impact bond replication by the InsuResilience Global Partnership's Secretariat;
 - match funding from the German Society for International Cooperation (GIZ) to support Alliance efforts in Montenegro.

Awards the Alliance have won

- **The Outstanding Achievement Award from the 2019 National Hurricane Conference in the U.S.** Zurich, as part of the Alliance, earned this honor for its work in developing and implementing its Post Event Review Capability (PERC) approach, an open-source methodology designed to evaluate how natural hazard events turn into community disasters, and provide practical recommendations to promote community resilience;
- **The Business Insurance Innovation Award** for the Alliance's PERC reports and methodology, designed to learn from wildfires, floods and other severe weather-related disasters;
- The Mexican Red Cross received **the Mexican President's 2019 Civil Protection Prize** (Premio Nacional de Protección Civil 2019) for the Flood Resilience program's work in Tabasco.



Inhabitant in Las Nieves community explains the river flooding to Red Cross and Zurich Mexico members of the Alliance in Tabasco, Mexico



Mock drill in Chosica, Peru © Practical Action

The Water Window Challenge

Over the course of 2016-2019, the Z Zurich Foundation invested USD 10 million in the Global Resilience Partnership's (GRP) Water Window challenge, which provides grants for innovative solutions to flood-related issues. The Foundation aims to accelerate the impact that the Zurich Flood Resilience Program can achieve. In 2015, Zurich and the Foundation entered discussions with GRP on the idea of a flood-focused resilience challenge, which led to the Water Window challenge, funded by the Foundation. It has had two aims – to support innovative and experimental ideas, and help to expand tested ideas to new areas or new dimensions. A call for projects in May 2016 attracted 290 applications. Through a rigorous selection process, 11 consortia were chosen to implement 12 projects in South and Southeast Asia, and sub-Saharan Africa. Five of the projects received around USD 1 million each to scale up existing ideas, while the other seven projects received up to USD 250,000 to test new ideas. Work started in early 2017 and ran to mid-2019. Project support to beneficiaries included strengthening early warning systems and disaster risk reduction strategies; developing innovations in flood-resilient housing; installing new culverts (structures that direct water under roads) to relieve drainage issues; tackling crop resilience in flood-prone Bangladesh; training on ecosystems' adaption, flood resilience and disaster risk reduction; and coastal and mangrove protection.

Read more in the summary report on
<https://www.zurich.com/en/sustainability/our-role-in-society/flood-resilience>



Redefining the Z Zurich Foundation strategy

The Foundation is the main vehicle by which the Group delivers on its global community investment strategy. It plays a pivotal role in supporting a fairer, more open and sustainable society. In 2019, the Foundation embarked on a journey to redefine its strategy and make it more relevant to today's challenges and Zurich's employees.

The Z Zurich Foundation's new mission is to empower vulnerable people within its communities to better protect themselves from risk, and to adapt and thrive in a rapidly changing world. The Foundation now focuses its efforts on two powerful and relevant topics. It has identified its biggest opportunities: consolidating its existing health and youth empowerment initiatives into a more holistic well-being and inclusion platform; and expanding its focus on flood resilience to include other climate-related hazards. In addition, the Foundation's local grant program initiative provides practical support and funding to help Zurich business units initiate long-term, strategic relationships with local community organizations. The Foundation will also continue to develop Zurich employee engagement initiatives. Through the different components of its work, the Foundation aims to transform the lives of more than 1 million vulnerable people and have a positive impact on the lives of 10 million others by 2024.



“Our Foundation focuses on tackling some of societies’ most pressing issues, to create a fairer, more sustainable world, increasing independence, choice and opportunities for the vulnerable and excluded in society. Our aims include supporting those not protected by traditional insurance products, giving more people the protection they need.”

Gary Shaughnessy

Chair of the Board of Trustees
of the Z Zurich Foundation

2019 One Young World Summit



Photo credit: Aprilya Lestari

In October 2019, NEXT participated in the 2019 **One Young World Summit** in London. NEXT is a global Zurich employee group representing the next generations (born after 1981) that aims to shape Zurich's legacy and future-proof our organization by giving a voice to newer generations across our business. Action needs to be taken to address changing expectations not only in the workforce but also from customers and society as a whole. This annual event connects over 2,000 young leaders who are working to create a better world and accelerate social impact. Delegates from more than 190 countries, from social entrepreneurs, corporations to influential political, business and humanitarian leaders met to discuss how we can work together to solve today's major challenges.

The Z Zurich Foundation offered scholarships to 12 inspiring young leaders to attend the 2019 summit. These scholars do not work for Zurich, but they are leading impressive efforts in their communities to make an impact around the topics of climate resilience, and well-being & inclusion – closely in line with the Foundation's focus areas.

Working with NEXT, these 12 individuals will collaborate with Zurich to find ways to encourage more of our employees to contribute to a more sustainable future.

Z Zurich Foundation makes a difference with Zurich employees

In February 2019, the Foundation piloted a school-building initiative in collaboration with buildOn, a global non-profit organization that has partnered with villages for nearly 30 years to build more than 1,600 primary schools in Nicaragua, Guatemala, Haiti, Malawi, Nepal, Mali, Burkina Faso and Senegal.

Thirty-five Zurich employees from 25 different countries and more than 20 different business units met in Nepal. Over five days, the Zurich employees worked together with communities from two underprivileged villages in the Terai region: Khajuwa and Pabitra Basti and stayed with host families who volunteered to welcome strangers into their homes, giving employees a chance to experience a different culture. Participants gained more appreciation about the value of volunteering and collaborating to create a fairer, more equal society. Many described the experience as life-changing, and also valued the bonds formed with colleagues from all over the world.



Photo credit: Zurich



Photo credit: buildOn

Z Zurich Foundation creates a long-lasting impact with local business units worldwide

In 2019, the Z Zurich Foundation continued to support Zurich's business units worldwide in tackling local social challenges and needs through the approval of new local grants and the renewal of existing commitments.

Focusing on better outcomes for Bermuda's young people

After a three-year grant from the Foundation to support people living with Alzheimer's and dementia, the Zurich branch in Bermuda* secured funding from the Z Zurich Foundation for a new grant to support a different part of the population: young people. Through a new three-year grant of USD 300,000, the Z Zurich Foundation will support the Family Centre's Beyond Rugby program.

Despite the perceived wealth in Bermuda, it remains a divided island, with many students in the education system coming from disadvantaged backgrounds; in many cases consistent support for their educational and mental well-being is not always available.

The Beyond Rugby program supports and inspires young people to reach their full potential on and off the rugby field. It combines the coaching expertise of the Bermuda Rugby Football Union (BRFU) with the therapeutic and counseling skills of the Family Centre staff to attract some of the highest-risk young people to the program. Through the grant, employees from the local Zurich* branch will be involved in the development and expansion of the program, volunteering with the Beyond Rugby homework academy and delivering some life-skills sessions.

*Zurich Insurance Company Ltd, Bermuda Branch with Zurich Investment Services Limited

Fighting violence against women in Poland

In 2019, the Z Zurich Foundation committed a five-year grant of more than CHF 1.2 million to support Zurich in Krakow to tackle the issue of violence against women in collaboration with the Center for Women's Rights (CPK).

According to the European Union Agency for Fundamental Rights, a significant number of Polish women and girls have experienced physical or sexual abuse from the age of 15 onwards. The exact numbers are unknown as victims do not always ask for help.



Photo credit: Beyond Empathy

With this grant, Zurich in Krakow, CPK and the Z Zurich Foundation will take a stand for women in need in Krakow, and seed-fund a sustainable first-of-its-kind service to empower women (and their children) who are victims of domestic violence by providing counselling, mental health services, and legal, life and career advice. During the five-year grant period, the shelter and CPK will build their operations to help up to 500 women per year, based on successful models in other cities, and create the basis to become self-funding in the future.

Renewing our commitment to support mental well-being and empowerment in Australia

Over the next five years, the Z Zurich Foundation will continue to support two Australian charities, RAISE Foundation (Raise) and Beyond Empathy, through the renewal of the well-being and empowerment programs started in 2017 in collaboration with Zurich Australia.

Mental health remains a pressing concern. The World Health Organization predicts that depression will be the leading cause of disability globally by 2030. In Australia, suicide is the leading cause of death for Australians aged 15-44. The topic of mental well-being is at the core of Zurich Australia's community investment program and

is firmly supported in its culture with employees committed to the Raise in-school mentoring program, and an art program to support young people's well-being and empowerment with Beyond Empathy.

Raise set an ambitious target – having their program available in every public high school in the country by 2025. The renewed collaboration between the Foundation and Raise will allow Raise to support an additional 920 young people from 62 schools across seven Australian states. The Foundation's investment covers the costs of running the program, as well as training for mentors who will support approximately 180 students each year.

Beyond Empathy's new project will focus on grief and loss, using audio, storytelling, multimedia and live performance to tell stories about death and dying; two important themes for young people from marginalized communities. The project aims to engage around 150 young people and their families, delivering around 200 workshops across the two years. In addition, the Foundation's investment will also help Beyond Empathy to build its capacities to grow and approach potential new funders.



Photo credit: Dan Sheridan, Inpho Photography

'Tackle Your Feelings' – launch of second phase in Ireland

'Tackle Your Feelings' is Z Zurich Foundation's flagship mental well-being program, which currently operates in collaboration with Zurich's local offices in Ireland and Australia. These programs involve Irish rugby players and Australian football players, and coaches who serve as role models to break down the social stigma and give support to individuals to look after their mental well-being.

At the end of September 2019, Zurich in Ireland and Rugby Players Ireland, with the support of the Z Zurich Foundation, launched the second phase of this national campaign to bring 'Tackle Your Feelings' to schools and businesses, giving more people the resources to be mentally fit.

Community investment key performance indicators			
	2019	2018	Change
Fundraising and donations (USD millions)	2.3	2.3	n.m.
of which from Zurich employees (USD millions)	1.4	1.4	n.m.
of which matching by Zurich business units (USD millions) ¹	0.9	0.9	n.m.
Total time volunteered by workforce (business hours)	142,200	121,290	17.2%
of which skills-based hours	31,807	29,619	7.4%
Workforce actively volunteering (% of total headcount) ²	20.3%	n/a	n/a
Total full year charitable cash contributions by Zurich business units (USD millions) ^{1, 3}	11.9	10.1	17.8%
Total full year charitable cash contributions by Zurich to Z Zurich Foundation (USD millions) ⁴	40.3	-	n/a

Notes: Zurich Insurance Group and its employees are contributing through fundraising, volunteering and cash contributions apart from the community investment activities carried out by the Z Zurich Foundation.

¹ Excluded are corporate donations made by the Farmers Exchanges. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

² In 2019, we reinstated our KPI for measuring the number of unique Zurich employees who participated in one or more volunteering events throughout the year.

³ This includes the matching by Zurich business units amount in the fundraising and donations.

⁴ Previously, charitable contributions of the Z Zurich Foundation were valued on a cash-out basis for the purposes of the key performance indicators. Starting from 2019, contributions cover the total charitable donations made by various legal entities of the Zurich Insurance Group to the Z Zurich Foundation on a cash-out basis. The previously reported 2018 figures have been restated based on that new approach.

Sustainable operations

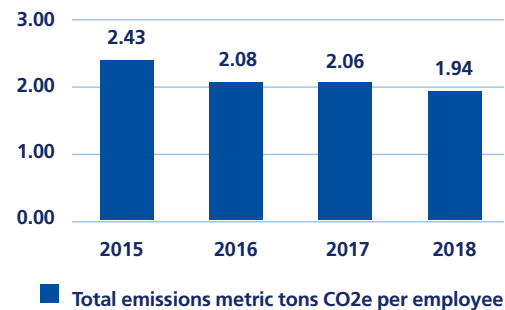
In 2019, Zurich:

- Announced that it will use only renewable energy as power by 2022, and as such formally joined the RE100.
- Announced it would seek to eliminate single-use plastics from our operations.
- Set an ambitious target to reduce internal paper usage by 80 percent.
- Launched the Green Week program for employees to learn more about the impacts they have on the environment and encouraging them to adopt a more sustainable lifestyle both at home and in the office.

Minimizing our environmental footprint

Sustainable leadership begins at home. Zurich wants to demonstrate responsible and innovative practices in our own operations in a transparent and accountable way. In 2018, Zurich met the target to reduce CO₂-equivalent (CO₂e) emissions by 20 percent compared with a 2015 baseline. Our achievements were led by a focus on providing sustainable offices and taking a responsible approach to business travel. Zurich plans to announce new emissions reduction targets in 2020, in line with our commitment to the Business Ambition for 1.5°C Pledge aimed at limiting average global temperature increases to 1.5°C above pre-industrial levels.

20 percent reduction in emissions per employee achieved in 2018 compared to 2015 baseline



In June 2019, Zurich announced that it will use only renewable energy as power by 2022, and as such formally joined the RE100, a global leadership initiative bringing together influential businesses committed to 100 percent renewable electricity.

Reducing single-use plastics

In 2019, Zurich announced it would seek to eliminate single-use plastics from our operations. We are making a global effort across our businesses to stop using unnecessary and polluting plastics, such as straws, cups, lids, stirrers, PET bottles and takeaway products. As part of this goal, Zurich is eliminating all waste bins under desks, and therefore will no longer use millions of waste bin liners every year. By the end of 2019, 16 countries confirmed that they have eliminated single-use plastics from their operations, and plans are in place for the remaining countries to achieve the same.



Reusable bag and coffee cup distributed to Zurich employees in our Nordic countries

Reducing paper usage

Zurich also set an ambitious target to reduce internal paper usage by 80 percent. We are working with employees to move to less paper-intensive processes and behaviors and toward digital solutions.

Sustainable Information Technology

In addition to using less paper, Zurich is learning new ways to use technology to support other goals including reducing travel, being more energy efficient, and minimizing electronic waste. This means keeping devices for as long as possible before recycling, minimizing the number of devices used and recycling responsibly.

**Employee engagement**

Employee engagement remains an integral part of our approach to sustainable operations. Raising awareness around environmental sustainability and encouraging employees to be involved is critical to providing a real and lasting impact across our company and society as a whole.

Green Week

In 2019, Zurich launched the Green Week program. Designed to be fun, educational and engaging for our employees, it also lets them learn more about the impacts they have on the environment, encouraging them to adopt a more sustainable lifestyle both at home and in the office.

Events were hosted in Mexico, Bermuda and at our headquarters in Zurich and included activities such as a forest restoration event held in Nevado de Toluca, in the State of Mexico, educational sessions on climate change and fundraising events for tree planting.



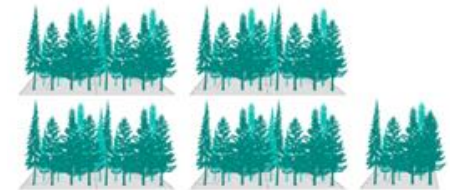
Green Week at the Group's headquarters in Zurich, coincided with Climate Week held in New York City, which brought together leaders from across the world, from both the public and private sectors, with the objective to address the most challenging climate problems facing society today. Zurich's Group CEO Mario Greco attended Climate Week.



During Climate Week, employees at the headquarters in Zurich were greeted with a surprise forest to get in the spirit of Green Week.

2,325

Trees planted as a result of employee participation in #ClimateWeek2019 activities.



That is **4.5** football pitches packed with trees!

Plastic free July

Zurich's office in Australia hosted a Plastic Free July campaign, offering many activities and events for employees. They provided lunch and learn sessions with various guest speakers, encouraging employees to think about their current environmental behaviors and introduced ideas on how to make small changes with big impacts. Aligned with "Stress less day" – a mental health and well-being initiative - employees were offered an ECO Master Class and launched an herb garden at their head office in Sydney.

Reducing food wastage

Food is a major source of global emissions, and we have focused on reducing food waste. Zurich's hotel and training center in Switzerland has been tackling food waste by improving meal planning and assessing the volume of food prepared. It is also measuring, weighing and keeping track of the amount food wasted. Meals that are not consumed immediately are sold at a discount in the neighboring community. Any leftovers not fit for consumption are composted and converted into biogas for energy.

**CO2 emissions per employee (tons per FTE)**

Environmental key performance indicators	2018 ³	2017	2016	Change vs baseline	2015 baseline	Target
CO2 emissions per employee (tons per FTE)	1.94	2.06	2.08	(20%)	2.43	-20% by 2025 (vs baseline)
of which CO2 emissions related to facilities (tons per FTE) ¹	0.95	1.09	1.08	(20%)	1.18	
of which CO2 emissions related to travel (tons per FTE) ²	0.99	0.97	1.00	(21%)	1.24	

¹ Includes emissions from own-use real estate (electricity and heat)

² Includes emissions from air travel, rail and cars (rental cars and car fleet)

³ 2019 data will be available in Q2 2020

Read more about Zurich's environmental key performance indicators at <https://www.zurich.com/sustainability/our-role-in-society/climate-change/environmental-key-performance-indicators>

Responsible sourcing and procurement

Zurich is committed to the highest possible standards of social, environmental and ethical responsibility in all the services we provide to both our customers and internal stakeholders. We recognize that our purchasing decisions have an impact on society and the environment. With that in mind, we are committed to ensuring that we deal with suppliers who also recognize their responsibilities to the people they employ, the communities they affect and their impact on the local and global environment. We aim through our procurement practices to drive positive social, environmental and ethical outcomes.

Zurich remains committed to foster spending through social enterprises and organizations that commit to donating a portion of profits to achieve social impact. In 2019, Zurich worked with Ninety Consulting in the UK to set up an award-winning innovation project. The money Zurich spent with this supplier on this project entirely funded the setup of a new clinic in Nairobi delivering medical care to those in need. Our spending in the UK with our stationery supplier, Wildhearts Group, has helped transform over 1,000 lives around the world through programs addressing gender inequality and social mobility. Examples include business micro loans to women in developing countries and the provision of free training and education for disadvantaged school children and marginalized groups in the UK and abroad. Zurich has also started to work with a new employee gift supplier in the UK, Tordoffs, which supports numerous social organizations within the UK and around the world. In addition, the packaging it uses is fully recyclable, such as ribbons made from recycled plastic bottles which can also be recycled afterwards.

During 2019, Zurich launched its global sustainable sourcing framework based on three core pillars that incorporate social, environmental and ethical values. This framework is being rolled out via a new engagement platform to spread awareness, drive best practice and to share successes. Through 2020, we will work to further embed sustainable sourcing around the Group and within country practices, focusing on social, environmental and ethical risks and opportunities throughout the procurement cycle. Our ambition across the Group is to make a positive impact on society whilst doing business.



UN Global Compact

Statement of continuing support

Zurich became a signatory of the UN Global Compact in July 2011, because we believe that being a responsible company is fundamental to our long-term sustainability. As a signatory, we are committed to aligning our strategy, culture and day-to-day operations with the Global Compact's 10 universally-accepted principles in

the areas of human rights, labor, environment and anti-corruption. The principles of the Global Compact complement our purpose, values and Code of Conduct, and all Zurich employees are expected to live up to them.

Our continued commitment to the Global Compact's principles on human and labor rights, the environment and anti-corruption

is expressed in this report. We are committed to embracing, supporting and enacting these principles within our sphere of influence, and we will regularly communicate our progress.

Mario Greco

Group Chief Executive Officer,
Zurich Insurance Group

Links to relevant information on our website

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

- [Our commitment](#)
- [Respecting human rights](#)
- [ESG integration into insurance](#)
- [Z Zurich Foundation Annual Report 2018](#)
- [Global Risks Report 2020](#)
- [Sustainable products and solutions](#)
- [Employees speaking up and reporting concerns](#)
- [Suppliers](#)
- [Health and safety management](#)

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

- [Our commitment](#)
- [Diversity, inclusion and well-being](#)
- [Employee development](#)
- [Board composition \(Annual Report 2019\)](#)
- [Employees speaking up and reporting concerns](#)
- [Health and safety management](#)
- [Suppliers](#)

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

- [Our commitment](#)
- [Group environmental policy](#)
- [Environmental performance](#)
- [Assurance statement](#)
- [Flood resilience program](#)
- [Climate change: Zurich's position](#)
- [Carbon neutral](#)
- [Responsible investment](#)
- [Environmental risks](#)
- [Sustainable products and services](#)
- [ESG integration into insurance](#)

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- [Our commitment](#)
- [Anti-bribery and anti-corruption](#)
- [ESG integration into insurance](#)
- [Respecting human rights](#)

UNEP FI Principles for Sustainable Insurance



PSI
Principles
for Sustainable
Insurance

The United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. Zurich became a signatory in 2017.

At Zurich, we are proud of the steps we have taken to incorporate environmental, social and governance (ESG) considerations into our core activities of investment and underwriting. Signing the UNEP FI Principles for Sustainable Insurance allows us to build

on those efforts by being part of the broader dialogue on the role insurance plays in shaping a more resilient tomorrow.

Mario Greco
Group Chief Executive Officer
Zurich Insurance Group

Links to relevant information on our website

Principle 1

We will embed ESG issues relevant to our insurance business into our decision-making.

- [Our governance and approach](#)
- [Our strategic priorities](#)
- [Governance, Nominations & Sustainability Committee](#)
- [Our Code guides everything we do](#)
- [Working with customers – ESG integration in insurance](#)
- [Respecting human rights](#)
- [ESG in insurance – solutions with sustainable impact](#)
- [Serving our customers – our claims philosophy](#)
- [Our responsibility as an investor: doing well and doing good](#)

Principle 2

We will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.

- [Working with customers – ESG integration in insurance](#)
- [Respecting human rights](#)
- [Our responsibility as an investor: doing well and doing good](#)
- [Responsible sourcing and procurement](#)
- [The Zurich Flood Resilience Alliance](#)
- [Supporting initiatives to improve road safety](#)
- [Industry knowledge](#)

Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues.

- [Policy engagement](#)
- [CDP submission 2019 section 12.3](#)
- [The Zurich Flood Resilience Alliance](#)
- [Finding new ways of improving flood resilience](#)
- [Collaborating to advance responsible investment](#)
- [The Z Zurich Foundation's Local Programs initiative](#)
- [The World Economic Forum](#)
- [Learning and insurance](#)

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

- [Sustainability highlights annual report includes the UN Global Compact communication on progress](#)
- [Annual Report](#)
- [RI Transparency report](#)
- [Z Zurich Foundation annual report](#)
- [Industry knowledge](#)
- [External monitoring and indices](#)
- [Zurich.com/sustainability](#)

Independent Assurance Report on Zurich's Sustainability reporting 2019

To the Executive Committee of Zurich Insurance Group AG, Zurich

We have been engaged to perform assurance procedures to provide limited assurance on the sustainability reporting of Zurich Insurance Group AG and its consolidated subsidiaries ('ZIG') for the year ended December 31, 2019.

Scope and subject matter

Our limited assurance engagement focused on selected sustainability indicators published in the Sustainability Highlights 2019 Report of ZIG:

- a) The 2019 "Responsible investment" KPIs on pages 17, 18 and 19, the 2018 "Impact of real estate investment" KPIs on page 19, the 2019 "People" KPIs on page 26, the 2019 "Community investment" KPIs on page 34 and the 2018 "CO2 emissions per employee" KPIs on page 37 ("the sustainability indicators"); and
- b) The management and reporting processes with respect to the selected sustainability indicators as well as the control environment in relation to the data aggregation of these sustainability indicators.

Criteria

The reporting criteria used by ZIG are described in the internal reporting guidelines and define those procedures, by which the sustainability indicators are internally gathered, collated and aggregated.

Inherent limitations

The accuracy and completeness of sustainability indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with ZIG's internal guidelines, definitions and procedures on sustainability reporting. Further, the greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

ZIG's responsibility

The Executive Committee of ZIG is responsible for both the subject matter and the criteria as well as for selection, preparation and presentation of the information in accordance with the criteria. This responsibility includes the design, implementation and maintenance of related internal control relevant to this reporting process that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to form an independent conclusion based on our limited assurance procedures on whether anything has come to our attention to indicate that the sustainability indicators are not stated, in all material respects, in accordance with the reporting criteria.

We planned and performed our procedures in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) 'Assurance engagements other than audits or reviews of historical financial information' and with ISAE 3410 'Assurance Engagements on Greenhouse Gas Statements'. These standards require that we plan and perform the assurance engagement to obtain limited assurance the identified sustainability indicators.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our independence and quality controls

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of the work performed

Our limited assurance procedures included, but were not limited to the following work:

- Reviewing the application of ZIG's internal guidelines using a sample of affiliates in Switzerland, UK, USA, Germany, Spain, Ireland, Isle of Man and Hong Kong.
- Interviewing ZIG representatives at Group level responsible for the data collection and reporting.
- Performing tests on a sample basis of evidence supporting the sustainability indicators as outlined in the scope and subject matter section concerning completeness, accuracy, adequacy and consistency.
- Inspecting the relevant documentation on a sample basis.
- Reviewing and assessing the management reporting processes for sustainability reporting and consolidation and their related controls.

We have not carried out any work on data other than outlined in the scope and subject matter section as defined above. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

Limited assurance conclusion

Based on the procedures we performed, nothing has come to our attention that causes us to believe that

- a) The sustainability indicators of ZIG as described in the scope and subject matter section are not prepared and disclosed in all material respects in accordance with ZIG's internal guidelines and procedures; and
- b) The management and reporting processes to collect and aggregate the sustainability indicators as well as the control environment in relation to the data aggregation are not functioning as designed.

PricewaterhouseCoopers AG

Peter Eberli

Raphael Rutishauser

Zurich, February 20, 2020

GRI Index

GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. We have used references to the Global Reporting Initiative (GRI) as an index below to help our stakeholders find the information relevant to them without adhering to the standards listed in the index in its entirety.

This index lists the organization's reports and web pages and their reference to the following GRI Standards.

Number	Disclosure name	Reference and page number
General Disclosures		
102-1	Name of the organization	AR inside front cover (ifc)
102-2	Activities, brands, products, and services	AR ifc, 11 to 15 and 18 to 21; SR 12 to 15
102-3	Location of headquarters	AR ifc
102-4	Location of operations	AR 10 to 15, 270 and 283 to 287
102-5	Ownership and legal form	AR 188 and 299
102-6	Markets served	
102-7	Scale of the organization	AR ifc
102-8	Information on employees and other workers	AR 16 to 17, 22 to 23 and 30
102-9	Supply chain	SR 37; CDP
102-10	Significant changes to the organization and its supply chain	AR 5 to 7, 10 to 17, 175 and 205 to 207
102-11	Precautionary principle or approach	AR inside back cover
102-12	External initiatives	AR 20 to 28; SR 11 and 38 to 39
102-13	Membership of associations	CDP
102-14	Statement from senior decision-maker	AR 2 to 7, 38 to 39, 90 to 91, 126 to 127, 164 to 165 and 176 to 177; SR 5
102-15	Key impacts, risks, and opportunities	AR 10 to 17 and 126 to 127; CDP; SR 7 to 9 and 14 to 15
102-16	Values, principles, standards, and norms of behavior	AR 4 to 8; SR 10
102-17	Mechanisms for advice and concerns about ethics	AR 78
102-18	Governance structure	AR 41 to 43; SR 10; CDP
102-19	Delegating authority	SR 10; CDP
102-20	Executive-level responsibility for economic, environmental, and social topics	AR 58; SR 10

Key:

AR: Annual Report 2019

CDP: CDP submission 2019

SR: Sustainability highlights 2019*

 Link to www.zurich.com

*The Sustainability highlights 2019 report includes the United Nations Global Compact communication on progress and our progress in implementing the UN Environment Programme Finance Initiative Principles for Sustainable Insurance.

Number	Disclosure name	Reference and page number
102-21	Consulting stakeholders on economic, environmental, and social topics	SR 7 to 8
102-22	Composition of the highest governance body and its committees	AR 46 to 63
102-23	Chair of the highest governance body	AR 2 to 3, 38 to 39 and 48; SR 10
102-24	Nominating and selecting the highest governance body	AR 48
102-25	Conflicts of interest	AR 54 and 74 to 78
102-26	Role of highest governance body in setting purpose, values, and strategy	AR 62
102-27	Collective knowledge of highest governance body	AR 62
102-28	Evaluating the highest governance body's performance	AR 56 to 58
102-29	Identifying and managing economic, environmental, and social impacts	AR 57 to 58
102-30	Effectiveness of risk management processes	AR 155
102-31	Review of economic, environmental, and social topics	AR 38 to 39
102-32	Highest governance body's role in sustainability reporting	AR 57; CDP
102-33	Communicating critical concerns	AR 69; CDP
102-35	Remuneration policies	AR 97 to 100
102-36	Process for determining remuneration	AR 100 to 106
102-37	Stakeholders' involvement in remuneration	AR 104 and 106
102-40	List of stakeholder groups	AR 18; SR 7; CDP
102-41	Collective bargaining agreements	
102-42	Identifying and selecting stakeholders	SR 7
102-43	Approach to stakeholder engagement	AR 18 to 19; SR 7
102-44	Key topics and concerns raised	SR 7 to 8
102-45	Entities included in the consolidated financial statements	AR 283 to 287

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General Disclosures (continued)		
102-46	Defining report content and topic boundaries	AR 188 to 193 and 299
102-47	List of material topics	SR 7 to 8
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102-51	Date of most recent report	SR 1; CDP
102-52	Reporting cycle	AR 179; SR 4; CDP
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Economic Performance		
201-1	Direct economic value generated and distributed	AR 179 to 187
201-2	Financial implications and other risks and opportunities due to climate change	AR 157 to 160; CDP
201-3	Defined benefit plan obligations and other retirement plans	AR 242 to 249
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Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	SR 17 to 18 and 27 to 30; CDP
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302-1	Energy consumption within the organization	CDP
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Number	Disclosure name	Reference and page number
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305-1	Direct (Scope 1) GHG emissions	AR 1 and 31; SR 37; CDP
305-2	Energy indirect (Scope 2) GHG emissions	CDP
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405-1	Diversity of governance bodies and employees	AR 30 and 49
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415-1	Political contributions	

Key:**AR:** Annual Report 2019**CDP:** CDP submission 2019**SR:** Sustainability highlights 2019* : Link to www.zurich.com

*The Sustainability highlights 2019 report includes the United Nations Global Compact communication on progress and our progress in implementing the UN Environment Programme Finance Initiative Principles for Sustainable Insurance.

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