

# Policy Statement Zürich Beteiligungs-Aktiengesellschaft (Deutschland) on Human Rights

## 1 Foreword to the commitment of Zürich Beteiligungs-Aktiengesellschaft (Deutschland) to the protection of human rights

As the insurance holding company of Zurich Group Germany, which includes insurance and other companies, Zürich Beteiligungs-Aktiengesellschaft (Deutschland) (**ZBAG**) is aware of its responsibility towards its employees, customers and society. As a responsible company, ZBAG aims to contribute to making our world a place worth living for everyone. For ZBAG this means doing its part to ensure that people are treated with respect and afforded a minimum level of protection. ZBAG is convinced that social responsibility is an important factor for the long-term success of the company and for social progress.

According to the German Supply Chain Due Diligence Act (**LkSG**), human rights and environmental due diligence obligations must be appropriately observed with the aim of preventing or minimizing human rights or environmental risks or ending the violation of human rights or environmental obligations. With this policy statement, ZBAG describes how it fulfills its due diligence obligations in accordance with the LkSG and what human rights and environmental expectations it has of its employees and suppliers along the supply chain.

Irrespective of the obligations arising from the LkSG, Zurich<sup>1</sup> committed itself years ago to respecting internationally recognized human rights and to the following international standards:

- *Guiding Principles on Business and Human Rights of the United Nations (UN)*
- 10 principles of the UN *Global Compact*
- Declaration of the *International Labour Organization (ILO)* on *Fundamental Principles and Rights at Work* and the *Core Labour Standards* set out therein
- *Guidelines for Multinational Enterprises of the Organisation for Economic Co-Operation and Development (OECD)*

These commitments are reflected in the Zurich Code of Conduct "[We Care](#)", which applies to all Zurich companies, including ZBAG.

## 2 ZBAG's commitment to the protection of human rights in accordance with the LkSG

In the Code of Conduct "[We Care](#)", ZBAG expresses its stance on respecting human rights and its expectations of its employees. The expectations of ZBAG's contractual partners are set out in the [Supplier Code of Conduct](#). The Code of Conduct "[We Care](#)", the [Supplier Code of Conduct](#) and ZBAG's human rights strategy form the basis for ZBAG's commitment to the protection of human rights.

In the following, the ZBAG sets out its view of the legal positions of the LkSG.

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<sup>1</sup> Zürich Beteiligungs-Aktiengesellschaft (Germany) is an indirect subsidiary of Zurich Insurance Group Aktiengesellschaft (**ZIG**), which is domiciled in Switzerland. ZIG, together with its subsidiaries operating worldwide, is referred to herein as "Zurich".

## 2.1 Violation of the prohibition of the employment of a child under age and the worst forms of child labor

The safety and health of children must be fully protected. Their education must not be impaired by gainful employment, and it is essential to preserve their dignity. ZBAG therefore rejects all forms of child labor. The employment of minors may only occur in accordance with the relevant ILO conventions, both within ZBAG's own business area and at its suppliers.

## 2.2 Violation of the prohibition of employment of persons in forced labor and all forms of slavery

ZBAG is against forced or compulsory labor and any form of slavery. Employment relationships must at least comply with the ILO Core Labour standards. Employment relationships with ZBAG must always be voluntary and terminable with reasonable notice. This also applies to employment relationships between its suppliers and their employees.

## 2.3 Disregard for occupational health and safety obligations

As an employer, ZBAG ensures health and safety in the workplace by complying with and implementing the applicable occupational health and safety laws. In addition, ZBAG has introduced further measures to support its efforts to create working conditions that promote a good work-life balance and the well-being of its employees. These occupational safety requirements also apply to the deployment of employees from external companies (e.g. temporary workers). ZBAG expects its contractual partners to refrain from any behavior or action that could endanger the occupational health and safety of its employees, ZBAG employees, or third parties.

## 2.4 Disregard for freedom of association, right to organize and the right to collective bargaining

ZBAG recognizes the right of its employees to freedom of association and collective bargaining. Employees are entitled to form and join groups for the promotion and protection of labor interests. ZBAG employees are represented by their works council, which represents them in the negotiation of the collective agreement. ZBAG and the works council attach great importance to fair and constructive cooperation. It is their aim to involve, inform and engage the individual employee as directly as possible. ZBAG also expects its suppliers to guarantee freedom of association and the right to organize and collective bargaining within the scope of their business activities.

## 2.5 Violation of the prohibition of unequal treatment in employment

ZBAG is committed to treating all employees and all people who apply for a job at ZBAG fairly and equally and to offering them the same development and career opportunities. ZBAG does not tolerate harassment, discrimination or bullying in the workplace based on race, color, age, gender, sexual identity, sexual orientation, nationality, religion, physical or mental disability, pregnancy, veteran status or any other relevant characteristic protected by applicable law. This applies regardless of the respective tasks or position of the employees within the company. ZBAG also expects its suppliers to treat their employees fairly and equally.

## 2.6 Violation of the prohibition of withholding an adequate living wage

ZBAG is subject to the collective wage agreement for the private insurance industry in Germany. It offers its employees collectively agreed special payments, a company pension scheme, and other monetary and non-monetary benefits. Remuneration in the above-tariff area is based on market data. ZBAG expects its contractual partners to implement statutory or collectively agreed requirements regarding minimum wages, overtime regulations, and social benefits. The specifications on appropriate wages must at least comply with the applicable laws of the place of employment or industry standards, depending on which regulation is stricter.

## 2.7 Destruction of vital natural resources through environmental pollution

ZBAG strives to avoid adverse effects of its business activities - including its supply chain - on the environment. ZBAG has identified man-made climate change as a major threat to natural resources. It has therefore set itself targets for reducing greenhouse gas emissions within its business activities.

Given the importance of limiting man-made climate change for ZBAG's future success, the company expects its contractual partners to be aware of their environmental impact and to endeavor to avoid, or at least minimize, adverse effects on the environment.

## 2.8 Unlawful eviction and taking of land, forests and waters

ZBAG rejects unlawful evictions and the unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person. It is not affected by this legal position in its own business area. Should ZBAG acquire, develop, or use land in the future, it will comply with the applicable laws in this context. ZBAG expects its contractual partners, for whom this legal position is relevant, to refrain from participating in unlawful acts such as forced evictions or the deprivation of land, forests and waters, the use of which secures a person's livelihood.

## 2.9 Violation of the prohibition of the hiring or use of private or public security forces for the protection the enterprise's project, which may lead to adverse effects due to a lack of instruction or control on the part of the enterprise

Security forces must be properly instructed and monitored to ensure their deployment does not result in violations of the prohibition against torture and cruel, inhumane or degrading treatment, harm to life and limb or impairment of the right to organize and freedom of association. If ZBAG deploys security forces to protect the business project, they are instructed, monitored, and obligated to respect human rights. ZBAG expects the same from its contractual partners.

## 2.10 Environment-related risks

The LkSG identifies the following environment-related risks:

- Violation of the prohibition on the manufacture of mercury-added products, use and/or disposal of mercury or mercury waste
- Violation of the prohibition on the production and/or use of chemicals and substances pursuant to the Stockholm Convention (POPs) and non-environmentally sound handling of waste containing POPs
- Violation of the prohibition on the import and export of hazardous waste within the meaning of the Basel Convention

This is intended to cover risks that are directly related to human health and are therefore relevant to human rights.

ZBAG's employees have no exposure to the aforementioned environment-related risks in their own business area. As ZBAG mainly procures services and end products, its supply chain is only affected by these hazards to a limited extent. Notwithstanding this, ZBAG expects its contractual partners to comply with the above-mentioned conventions.

# 3 ZBAG's approach to the implementation of due diligence obligations

## 3.1 Scope of application

The due diligence obligations under the LkSG cover the entire supply chain and include: (i) ZBAG's actions in its own business area, (ii) The actions of its direct suppliers, and (iii) The actions of its indirect suppliers. ZBAG's own business area also includes those companies over which ZBAG exercises a decisive influence.

### 3.1.1 Expectations of ZBAG employees

ZBAG expects its employees to act in accordance with ethical principles. This includes respecting human rights, promoting respectful cooperation, and considering the impact of their actions on society and the environment. ZBAG has formulated these values and aspirations in its *Code of Conduct "We Care"* and in its human rights strategy. They form the ethical basis for the company's actions and govern its conduct towards its customers, employees, stakeholders, and the environment. Mandatory annual training is intended to ensure that all employees are familiar with the content of the *Code of Conduct*.

### 3.1.2 Expectations of ZBAG's contractual partners

ZBAG expects its contractual partners to share its values and operate their business with integrity, adhering to high standards of business conduct. ZBAG proactively raises awareness on issues that are important to the company. This includes ensuring that ZBAG's contractual partners promote diversity and inclusion, respect human rights, and offer working conditions that are in line with the principles of the UN Global Compact and the eight ILO Core Labour Standards. The latter principles are considered fundamental to the rights of people at work. ZBAG has set out its expectations of its contractual partners in the [Supplier Code of Conduct](#). All information for ZBAG's contractual partners is available online [here](#).

## 3.2 Governance and responsibilities

The identification of human rights and environment-related risks, their potential impact, and the derivation of effective measures represent a continuous challenge for ZBAG in the implementation of its due diligence obligations. To this end, ZBAG has established a risk management system for monitoring and safeguarding human rights in accordance with the LkSG, comprising the following components:

- Risk management system with clear description of governance and responsibilities
- Performance of risk analyses in accordance with the LkSG
- Implementation of preventive measures and remedial action
- Regular review of preventive measures and remedial action
- Establishment of complaints procedure
- Documentation and reporting processes

The overall responsibility for the implementation of and compliance with the Policy Statement on Respect for Human Rights ultimately lies with the Board of Directors of ZBAG.

ZBAG has appointed a responsible person within the meaning of Section 4 (3) sentence 2 LkSG ("**Responsible Person**") to monitor the risk management system in relation to human rights. The Responsible Person's duties also include reviewing the appropriateness and effectiveness of ZBAG's risk analysis, preventive measures, remedial actions, and complaints procedure at least once a year. The Board of Directors of ZBAG seeks information on a regular basis, at least once a year, about the work of the Responsible Person.

The overarching governance of human rights and environment-related due diligence is managed by the *Sustainability* department.

The *Crossfunctional Governance* department is responsible for managing and monitoring all of Zurich's business relationships with third parties. This includes the development, implementation and review of guidelines, processes and structures to ensure that the enterprise works with third parties in a trustworthy and risk-minimized manner. The human rights and environmental expectations of direct suppliers are addressed by the *Procurement* department and the *Legal* department during supplier selection and contract design.

The *Human Resources* department is the functionally responsible unit at ZBAG for the operational implementation of labor law-related due diligence obligations in its own business area.

Suitable preventive measures and remedial actions are designed by cross-functional teams together with the responsible departments. The relevant departments are responsible for implementing these measures and monitoring their effectiveness.

## 3.3 Risk analysis

Due diligence regarding human rights is an ongoing process. Through risk analysis, ZBAG aims to identify and assess its human rights and environment-related abstract and concrete risks and/or violations in accordance with the German Supply Chain Due Diligence Act.

As a result of the development of new business areas or supplier relationships risks can change. For this reason, ZBAG subjects its own business area and its direct suppliers to an annual analysis. In the event of changes, such as alterations in business areas or supplier relationships change and this

results in a significantly altered risk situation, additional event-driven risk analyses are carried out. This also applies if ZBAG receives substantiated knowledge of a breach by an indirect supplier.

The regular risk analysis usually consists of two steps.

### **Step 1: Abstract consideration of risks (macroeconomic risk profile)**

Sector-specific and country-specific abstract risks are determined in the abstract analysis. The analysis is based on ZBAG's countries of operation and the sectors and countries in which ZBAG's contractual partners and the companies over which ZBAG exercises a decisive influence operate. This means that the focus is not initially on specific contractual partners of ZBAG or companies over which ZBAG exercises a decisive influence, but only on the sectors and countries in which these contractual partners or companies are located. To identify abstract risks, ZBAG works based on information and sources on human rights and environmental risks in sectors and countries that are generally considered to be independent, credible and scientific.

### **Step 2: Concrete consideration of risks (microeconomic risk profile, assessment and prioritization)**

In the second step, only contractual partners or companies over which ZBAG exerts a decisive influence are examined for which abstract risks were identified in the first step or in the case of indications of concrete risks (e.g. through media reports on violations of legal positions of the LkSG). Information from the complaints procedure may also trigger this examination process for specific contractual partners or ZBAG's own business operations. When identifying, weighting, and prioritizing specific risks, the appropriateness criteria in accordance with the LkSG are applied.

#### **3.3.1 Identified risks in own business area**

ZBAG has not identified any specific risks in its own business area as part of the risk analysis for 2024.

#### **3.3.2 Identified risks at our suppliers**

As the insurance holding company of Zurich Group Germany, which includes insurance and other companies, ZBAG primarily procures services rather than producing goods in the traditional sense. The purchase of products and raw materials therefore only plays a subordinate role in its supply chain. The majority of ZBAG's contractual partners are based in Germany, Austria, or Switzerland.

The risk analysis for the financial year 2024 identified both abstract and concrete risks. For two suppliers, a concrete risk of a violation due to the destruction of natural resources and environmental pollution was identified. Based on the overall results, no clear risk focus or pattern can be determined.

### **3.4 Preventive measures and remedial action**

To protect the human rights of its employees, ZBAG has described the necessary processes in the *Code of Conduct "We Care"*, in company agreements, guidelines and work instructions. They form the binding framework of action for and to protect the employees of ZBAG and the employees of its contractual partners. These include, for example

- Zurich *Code of Conduct "We Care"*
- Zurich [Supplier Code of Conduct](#)
- Zurich [Conditions of Purchase](#)

In its own business area, ZBAG exceeds legal requirements by focusing particularly on preventive measures designed to increase awareness of human rights aspects and strengthen personal responsibility to prevent human rights and environment-related risks. In the spirit of a culture of personal responsibility, ZBAG expects its employees to treat their colleagues, customers and suppliers fairly and with integrity at all times. ZBAG's internal set of values, set out in the Zurich *Code of Conduct "We Care"*, includes respecting human rights, offering a safe workplace and opposing all forms of discrimination. Mandatory annual training on the Code of Conduct ensures all employees are familiar with its contents. Additionally, all employees can voluntarily participate in annual feedback sessions with their managers. Business units particularly affected by the LkSG receive specific training on the due diligence obligations through individual or group discussions.

Promoting fair cooperation and open dialogue is central to ZBAG's corporate culture. ZBAG relies on a diverse workforce that represents the diversity of customers, society and other stakeholder groups. Therefore, *Diversity and Inclusion* have been identified as top strategic priorities. A set of measures is being implemented to promote diversity and inclusion, ranging from awareness-raising measures to clear guidelines for action. These include the following measures:

1. Appreciation of diversity as a component and feedback criterion of the *Fü(h)reinander management guidelines*
2. Regular, voluntary employee surveys, including the topic diversity
3. Voluntary awareness-raising measures in the form of events and training on the topic of diversity and promotion of voluntary employee engagement on the topic of diversity and inclusion
4. Cooperation with the IT consulting enterprise *Auticon*, which deploys IT specialists from the autism spectrum in projects at ZBAG and offers neurodiversity training for our employees
5. Promotion of women in management positions, based on the legally binding quota for women to be achieved by 2027

As an employer, ZBAG is also particularly committed to preventive healthcare and offers its employees a wide range of services.

ZBAG maintains policies and guidelines on occupational health and safety, that describe the structure, operation and continuous improvement of our management system for health and safety at work. Beyond statutory regulations on occupational health and safety and work-related health hazards, ZBAG offers voluntary preventive measures for its employees. The aim of this approach is to prevent work-related accident risks and health restrictions to the greatest extent possible. In doing so, ZBAG relies on a mixture of education and motivational offers. These include ergonomics consultations, preventive medical check-ups and vaccinations, an advice center for employees suffering from mental stress and numerous sports activities. All ZBAG employees, as well as managers, are responsible for implementing workplace health promotion. It is the responsibility of each individual to take care of their health and to take advantage of the workplace health promotion offers.

If ZBAG receives concrete indications of human rights violations in its own business area or in the business area of companies over which it exercises a decisive influence as part of a risk analysis or based on information from the complaints procedure, it will take immediately action to bring the violation or risk to an end.

ZBAG attaches great importance to ensuring that its contractual partners also comply with their human rights and environment-related due diligence obligations. Accordingly, it has anchored ongoing preventive measures in the *Procurement* department and in the *Crossfunctional Governance* department. ZBAG incorporates sustainability aspects in accordance with its purchasing strategy as early as the tender evaluation stage. As part of its supplier qualification process, ZBAG uses questionnaires to ask selected (future) contractual partners about potential risks, including human rights violations. This allows ZBAG to agree on specific measures during the contract initiation process when risks are identified. In the [Supplier Code of Conduct](#), ZBAG sets out its expectations towards its contractual partners. The [Supplier Code of Conduct](#) describes the ethical, ecological and social standards that ZBAG also wants to encourage its contractual partners to comply with. In the interests of transparent communication, the documents are publicly available [at zurich.de](https://www.zurich.de) under [Information for Suppliers | Zurich](#).

If ZBAG identifies a specific risk or a violation of legal positions under the LkSG at a contractual partner, it defines appropriate measures together with the contractual partner to prevent, mitigate or end the risk.

If ZBAG obtains substantiated knowledge suggesting a possible violation of a human rights-related or environmental-related obligation by indirect suppliers, ZBAG takes appropriate action - if necessary, in cooperation with its contractual partner – such as support in the prevention and avoidance of a risk.



### 3.5 Complaints procedure

ZBAG is aware that human rights or environmental violations can occur despite preventive measures. For this reason, establishment of a complaints procedure is essential both to identify risks and to detect violations so countermeasures can be initiated. ZBAG therefore considers it vital that both its employees and external stakeholders along its supply chain have access to a confidential and secure complaints mechanism.

ZBAG's complaints procedure enables reporting of risks or violations by those directly affected and by those who become aware of potential or actual violations. Reports can be submitted confidentially and anonymously at any time [via the platform for reporting complaints](#).

More information and the procedural rules for the LkSG complaints process can be found [here](#).

### 3.6 Review of effectiveness

An important part of risk management is establishing clear responsibility for monitoring the process. The Responsible Person (*Chief Compliance Officer* of Zurich Gruppe Deutschland) conducts reviews both annually and on an ad hoc basis. These ad hoc reviews occur when ZBAG anticipates a significantly changed or expanded risk situation – either in its own business area or with a direct supplier. Such a situation might arise due to the introduction of new products, projects, or business areas, regarding the appropriateness and effectiveness of the individual due diligence obligations of the LkSG.

## 4 Adaptation of the policy statement

If the annual or ad hoc risk analysis indicates a change in ZBAG's human rights and/or environment-related risk situation, it will update its human rights strategy and this policy statement accordingly.

## 5 Documentation and reporting

Transparent communication on human rights and environment-related challenges is a core element of human rights and environmental due diligence. ZBAG submits its annual human rights report to the *Federal Office of Economic Affairs and Export Control* in accordance with Section 10 LkSG and publishes it on the website [www.zurich.de](http://www.zurich.de) under [Human Rights | Zurich](#).

## 6 Contact us

**Questions and comments** on this policy statement or other human rights-related concerns can be addressed [by e-mail](#).

**Complaints or reports** of violations of human rights can be submitted via [our whistleblowing portal](#).

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