

Zurich Insurance Group



Sustainability highlights 2018



Sustainability highlights 2018

This report provides information on some of Zurich's key sustainability highlights from 2018, 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 is a leading multiline insurer that serves its customers in global and local markets. With about 54,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 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

A community brigade member in the Piura watershed. In Peru, we work in poor and vulnerable urban communities in Piura and Lima to reduce flood risks and risks associated with natural hazards such as the El Niño. Photo: Practical Action, Peru

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Further information

Please visit www.zurich.com
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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 ethical 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.



Photo: Practical Action

Our 2018 highlights

For Zurich, sustainability is at the heart of our culture. It produces sustainable value for our customers, employees, shareholders and the communities where we live and work. We are proud of what we achieved in 2018. This report will provide some of our highlights.

	<p>Our role as insurer</p> <p>We continued to deliver solutions to customers that create positive social and environmental impact that support well-being, enhance resilience and facilitate the transition to a low-carbon economy.</p> <p>Working with Nespresso, Blue Marble in July 2018, commenced its second venture through a pilot program, helping about 2,000 smallholder coffee farmers reduce their vulnerability to adverse weather conditions in Colombia.</p> <p>Zurich implemented a new sustainability risk framework to proactively and systematically identify and assess sustainability risk issues.</p>	<p>More on page 10</p> <p>More on page 12</p> <p>More on page 12</p>	   
	<p>Our role as investor</p> <p>Overall, our impact investment portfolio grew from USD 2.8 billion in 2017 to USD 3.8 billion in 2018, including not only green, but also social and sustainability bonds, as well as commitments to six private equity funds that are active in fields such as financial inclusion or clean tech.</p> <p>Over 87 percent of investments designated to be within the scope of our ESG integration approach are now covered by Investment Management Agreements referring to ESG integration.</p>	<p>More on page 14</p>	 
	<p>Our role as employer</p> <p>Our FlexWork@Zurich initiative has been implemented in over 20 countries.</p> <p>12 business units in 11 countries are EDGE certified with three certified at EDGE 'Move' level. These businesses represent over 52 percent of all Zurich employees.</p> <p>As of December 31, 2018, the proportion of women on the Board of Directors was 45 percent and 33 percent on the Group Executive Committee.</p>	<p>More on page 17</p>	  
	<p>Our role in society</p> <p>Together with members of the Zurich Flood Resilience Alliance, we continued to help communities reduce flood risk directly benefiting 225,000 people across 13 programs in nine countries.</p> <p>In 2018 our investment in community programs from total charitable cash contributions was USD 20.9 million. 121,290 business hours were volunteered by employees. Throughout 2018 the Z Zurich Foundation provided financial support to over 20 local programs.</p> <p>Committed to minimizing our global environmental footprint, we achieved a 15-percent reduction in carbon emissions per employee and an 8-percent reduction in energy consumption per employee in 2017 (based on our new targets to reduce emissions and energy compared to a 2015 baseline). 2018 data will be available in Q2 2019.</p>	<p>More on page 21</p> <p>More on page 24</p> <p>More on page 26</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.

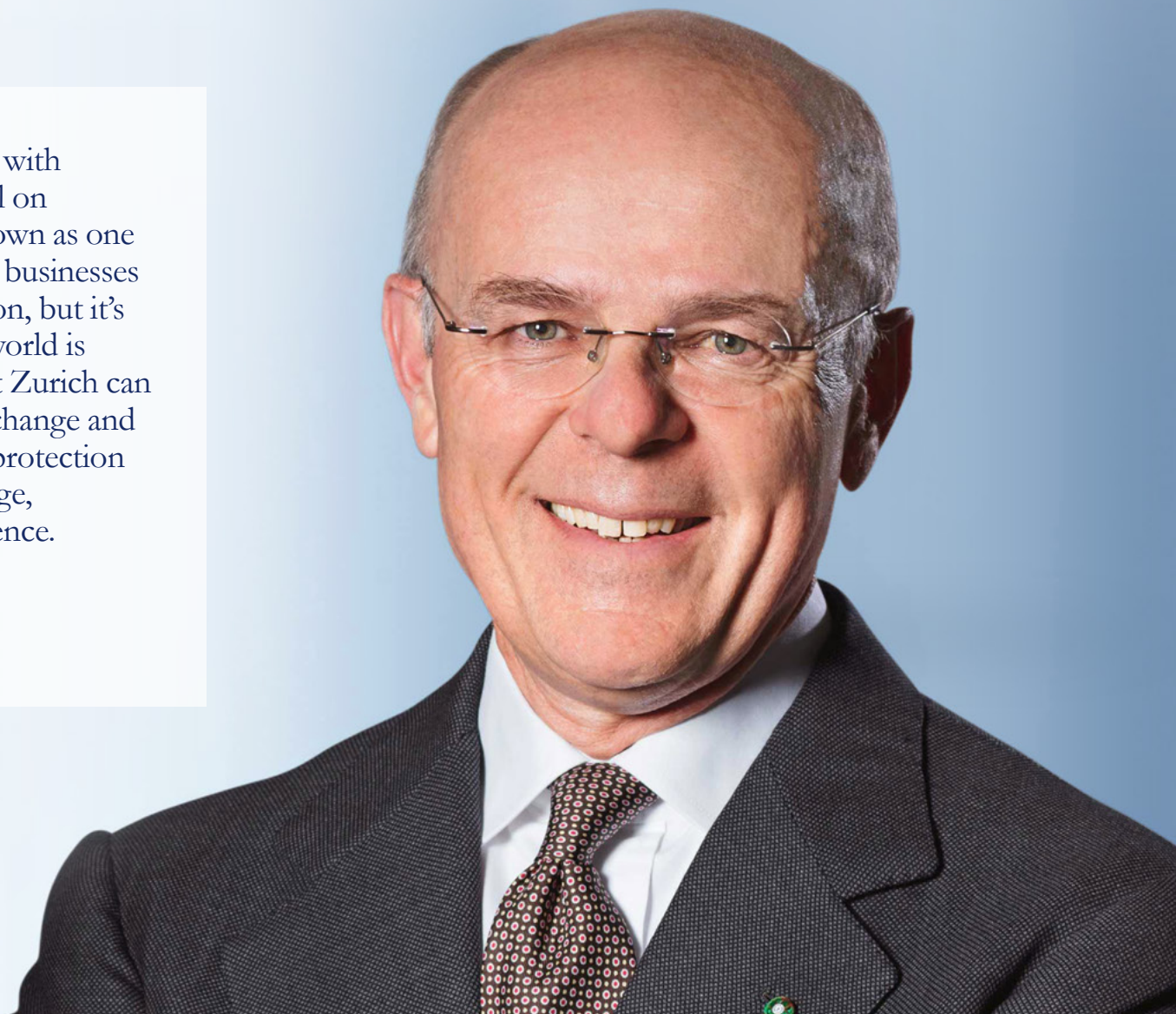
In the 2018 Dow Jones Sustainability Indices (DJSI) review, Zurich outperformed 93 percent of other companies in the insurance industry group. In addition, Zurich achieved a score of 'B' management level in our 2018 CDP Climate Change response. Zurich is also a constituent of the MSCI ESG Select Leaders Index. MSCI is an independent provider of research-driven insights and tools for institutional investors. Our ESG rating in April 2018 was 'AA'.

We have reset our ambition level on sustainability issues

Our Executive Team, in collaboration with the Board, has reset our ambition level on sustainability issues. We want to be known as one of the most responsible and impactful businesses in the world. It's a longer-term ambition, but it's based on our understanding that the world is undergoing a transformation, and that Zurich can have a positive impact. From climate change and responsible investment to workforce protection and digital skills, we have the knowledge, capabilities and spirit to make a difference.

Mario Greco

Group Chief Executive Officer,
Zurich Insurance Group



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.

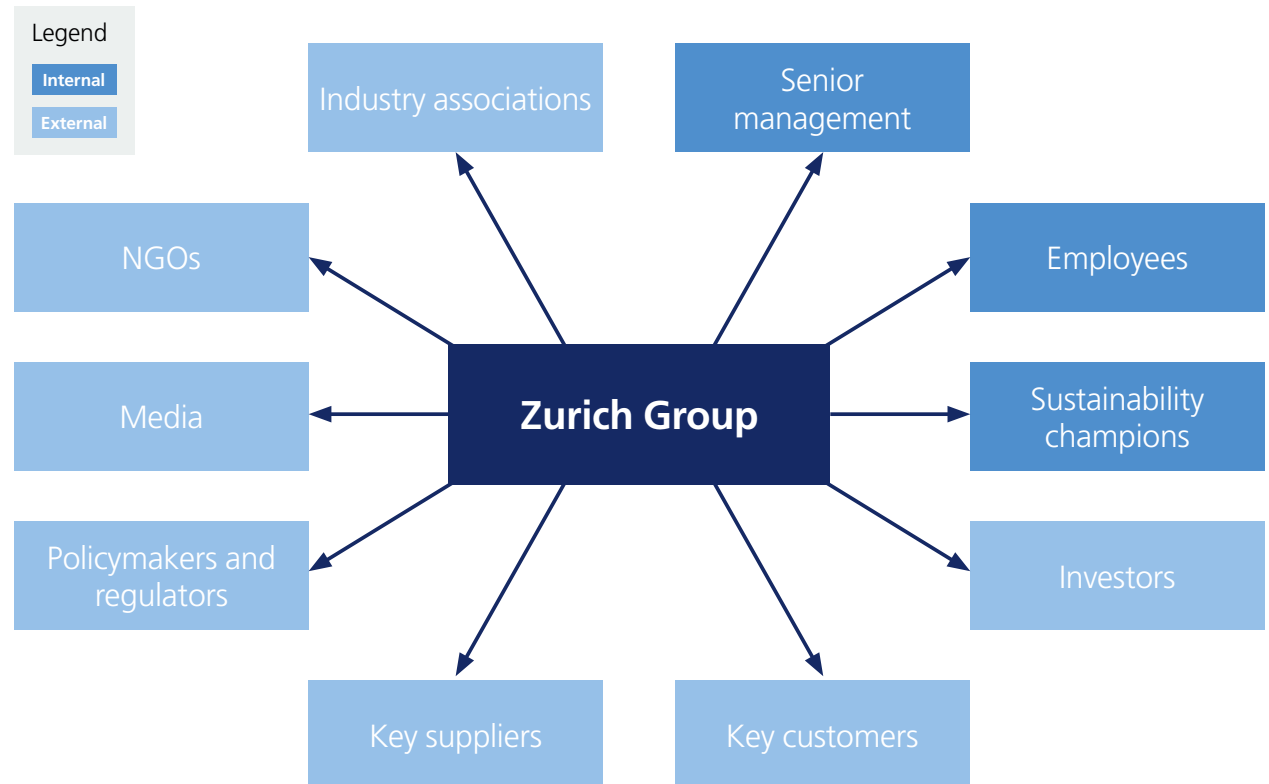
4. Validation of material issues by risk management specialists and our Sustainability Leaders Council

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

5. Ongoing monitoring, measurement and adjustment

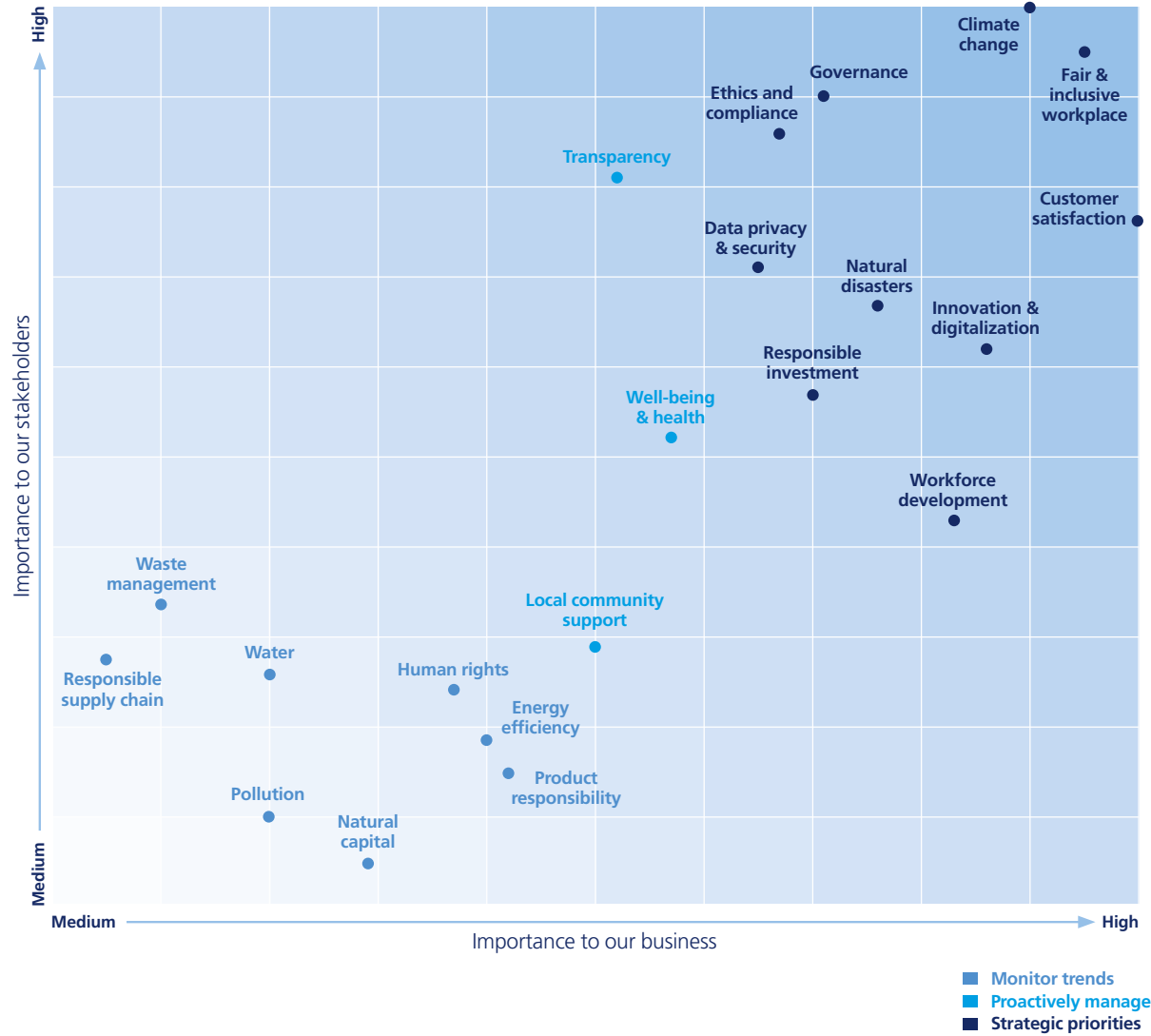
Each of our top material issues will have impact targets and specific management approaches that contribute to our overall sustainability ambition.

Stakeholder map



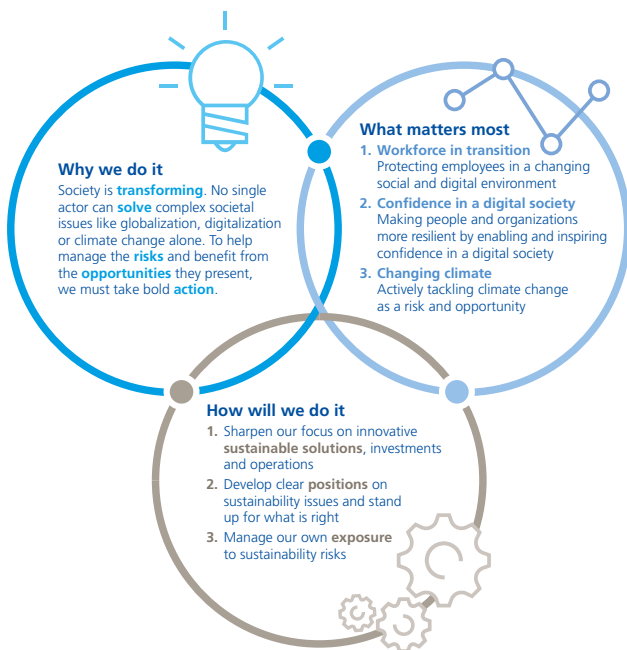
Our materiality matrix

Zurich’s materiality assessment process evaluates the perceived importance of each 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 internally to Zurich. The issues in the top right, which are important to both our stakeholders and to our business, constitute Zurich’s strategic sustainability focus areas. Fair & inclusive workforce and workforce development are addressed by our ‘supporting a global workforce-in-transition’ pillar. Issues such as digitalization & innovation, and data privacy & security are addressed via our ‘inspiring confidence in an increasing digital society’ pillar. And climate change and natural disasters issues are addressed by our ‘addressing the impacts of a changing climate’ pillar. Read more about these three pillars in the section about sustainability commitment on page 8.



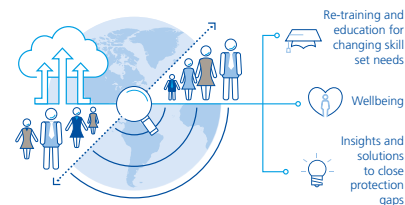
Our sustainability commitment

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



Workforce in transition

...preparing for **new ways of working** and the skills, solutions and initiatives needed:



Supporting a global workforce in transition

How we work has changed dramatically. People are working longer, though the traditional career path is becoming less linear, while mobile technology and the Internet have led to new ways of working, challenging employer-based benefits models. Zurich is helping to support these trends while protecting individuals by providing innovative solutions to 'gig' economy companies and workers who provide services available at the click of a button. What may be more disruptive is that the skills needed for tomorrow's economy are changing radically, prompting one of the most profound and polarizing workforce transitions in human history.

To ensure we address the skills gap, we help young people to get a foot on the insurance career ladder through our innovative apprenticeship programs. If insurance is not their main focus, we support youth empowerment, coding and workplace skills programs in markets across the world. And we give our own employees opportunities to increase their knowledge and skills to enhance career opportunities through extensive online training, formalized mentoring and other skills-based services.

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

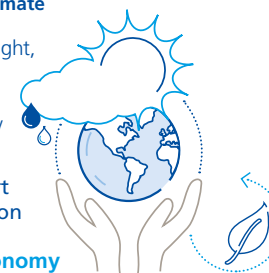
The digital transformation is well advanced, and it is affecting people worldwide. Today, there are more mobile phone licenses on the planet than there are people. Devices are connected and 'smart.' This offers enormous possibilities but also new risks. It requires being responsible in the way we work with and handle data.

Zurich is also seeking ways to complement and support digital trends with a new generation of products and services. We have established the Zurich Insurance Mobile Solutions Ltd to ensure we make best use of all the opportunities. And we are working to contribute to improving cyber-security through risk awareness, mitigation and insurance programs.

Changing climate

Providing insight, protection and transparency

...to support the transition to a **low carbon economy**



Addressing the impacts of a changing climate

Climate change is a real concern, to us and to our customers. As an insurer we can have a positive impact by helping existing and prospective customers to better understand their exposure to climate risks. As a business, we need to keep in mind the impact of climate change on our risk profile. We can, and do, educate businesses, policymakers, communities and individuals about the implications of severe weather, drought and flooding related to climate extremes.

We support positive change, for example, by applying a risk lens to controversial issues like thermal coal. And we have proven that we can be a positive force to help others to lessen risk through our award-winning, collaborative approach to increasing flood resilience. We also strive for greater sustainability in our investments, aiming to double our impact investment portfolio to USD 5 billion, to avoid 5 million tons of CO₂-equivalent emissions and improve 5 million people's lives on an annual basis.

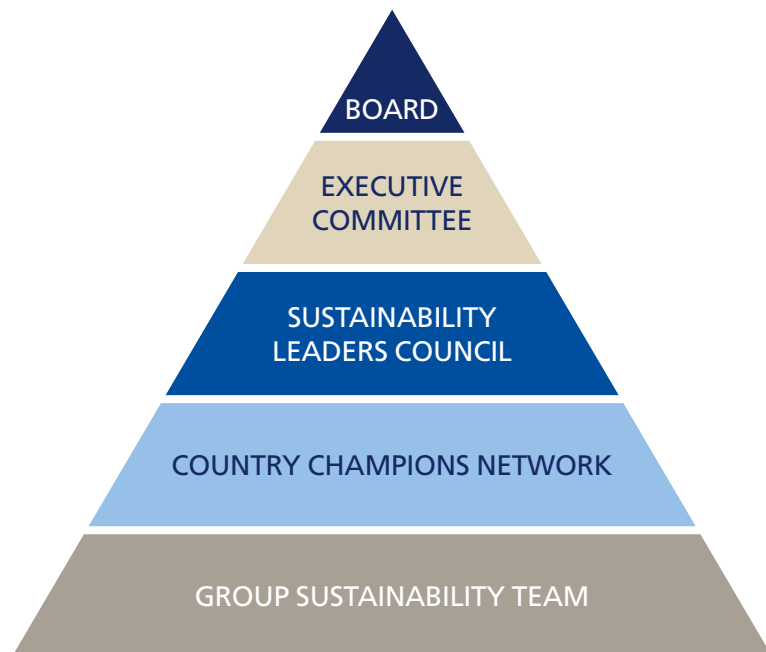
Sustainability governance

The Executive Committee and the Board 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 environmental, social and governance (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-upon objectives. They are supported by local sustainability champions and a central sustainability team at the Group's headquarters.



External commitments and indices

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 the 2018 Dow Jones Sustainability Indices (DJSI) Review, Zurich outperformed 93 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 2018 submission achieved a score of 'B' management 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 2017 was 4.0 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. Our MSCI ESG rating in April 2018 was 'AA.' As of July 2018, Zurich was rated in the 94th percentile among insurance companies assessed by Sustainalytics.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



Delivering sustainable value to our key stakeholders

Our role as insurer

Solutions with sustainable impact

Creating sustainable value through Zurich's products and services is a key pillar of our sustainability ambition. We deliver solutions to customers that create positive social and environmental impact that support well-being, enhance resilience and facilitate the transition to a low-carbon economy.

WellCare

We want to help people live healthier lives, and if necessary, make it easier for them to manage chronic conditions. We are engaging with both our corporate customers through employee benefit solutions, and individuals, using innovative technology that allows users to track activities, learn more about health, access specialized services to manage stress, and understand how lifestyle choices affect well-being. Our goal is to provide educational support, precise data on daily activities, coaching on nutrition, physical fitness and mental health, while rewarding people in a targeted way to keep them motivated.

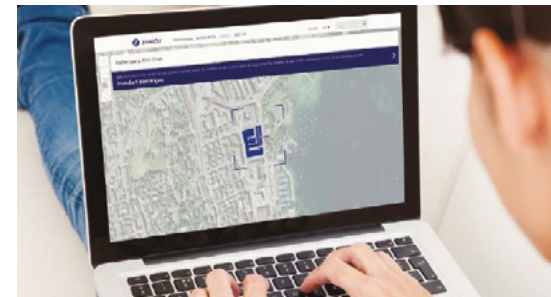
Mobility

We are supporting drivers and commuters, making vehicles safer, and developing solutions that enable and are compatible with new and innovative forms of transportation, including ride-sharing and mobility on demand. By connecting drivers, vehicles and other aspects of the mobility spectrum, we can develop new networks to support good driving behavior and personalize the services we provide.

In 2018, Zurich Portugal was the latest country to launch an innovative electric vehicle (EV) motor insurance product tailored to meet the specific needs of EV owners. Electric vehicle insurance propositions are already available in Ireland, Switzerland, Germany, Spain and Austria. The proposition, which was developed in collaboration with the Portuguese EV Owners Association, includes cover for charging cables and specialist breakdown assistance.

Natural Hazards Radar

Zurich Switzerland continued to provide a user-friendly online tool, the Natural Hazard Radar, to allow individuals to detect risks to property from floods, landslides, mud and rock slides and to offer practical measures to protect their property. With just a few mouse clicks, users can find out whether and from which natural hazard their home or company location is at risk, and what appropriate measures they can take. The tool is based on government-owned hazard maps and hazard index maps.



Here are some other examples of products and services from around the world that help solve today's most pressing societal and environmental issues.



SUSTAINABILITY CATEGORY

	RESOURCE EFFICIENCY
	SEVERE WEATHER
	FINANCIAL INCLUSION
	SUPPORTING COMMUNITIES
	MOBILITY
	RENEWABLE ENERGY
	RISK TOOL
	ENVIRONMENTAL IMPACT



1	Better Green construction insurance	USA/EMEA
2	Homeowners Eco-Rebuild	Farmers' USA
3	Flood pre-loss incentives	USA
4	Insurance protection: Blue Marble Microinsurance ²	Latin America/East Africa/India
5	Basic Ability: Income protection	Germany/Austria/Spain/Italy/Latin America
6	Savings product	Brazil
7	TrueLady	Malaysia
8	Savings product ⁵	Spain ³
9	Super Auto insurance ⁵	Japan
10	Medical expenses ⁵	Mexico ⁴
11	Pension fund ⁵	Spain ³

12	Electric car insurance	Ireland/Switzerland/Germany/Spain/Austria/Portugal
13	Telematics	Italy/UK/Japan/Spain/Germany/Brazil
14	Construction insurance	US/South Africa/Israel
15	Construction insurance	Italy/Germany/Switzerland
16	Zurich4Power	Italy
17	Zurich SOLARplus	Germany
18	Renewable Energy Generating Equipment insurance	USA
19	Natural Hazards Radar	Switzerland
20	Carbon Capture and Sequestration Liability insurance	USA
21	Z Choice Pollution liability insurance	USA

1 The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative and management services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

2 Zurich Insurance Group is one of the founding members of Blue Marble Microinsurance, a consortium of eight companies collaborating to innovate solutions that protect the underserved.

3 Zurich's joint venture with Banco Sabadell

4 Zurich Santander

5 Supporting various projects around the world

Blue Marble Microinsurance

Zurich Insurance Company Ltd is a founding member of Blue Marble Microinsurance, a start-up with a mission of providing socially impactful, commercially viable insurance protection to the underserved. A UK corporation owned by nine insurance entities, Blue Marble incubates and implements microinsurance ventures that support the economic advancement of underserved populations.

Blue Marble's first venture, which was launched in Zimbabwe in 2016 and improved and expanded in 2017 and 2018, addresses the financial vulnerability of smallholder farmers through the provision of affordable insurance protection against extreme weather conditions.

In partnership with Nespresso, in July 2018, Blue Marble commenced its second venture through a pilot program, helping about 2,000 smallholder coffee farmers reduce their vulnerability to adverse weather conditions in Colombia. Applying learnings from these ventures, the Blue Marble team is working in collaboration with customers and partners to develop solutions that address specific social issues in other markets around the world.



Blue Marble's venture in Zimbabwe



Blue Marble's venture in Colombia

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 to identify, assess and mitigate environmental, social and governance risks. Five years ago, we started to use our proprietary risk-profiling methodology. To date, we have prioritized 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.

In November 2017, Zurich developed a thermal coal policy, aligned with our position on climate change, that stopped the provision of insurance, investment or risk management services for new thermal coal mines or for potential new clients that derive more than half their revenue from mining thermal coal, and also for utility companies that generate more than half of their energy from coal.

Zurich also implemented a new sustainability risk framework aligned with our purpose and values of 'standing up for what's right' to proactively and systematically identify and assess sustainability risk issues. Risks can be escalated to a referral desk and ultimately to the Group CEO. As part of this new framework we are tracking over 50 sustainability risk issues and intend to evaluate these issues for additional sustainability risk positions.

Anti-bribery and anti-corruption

Zurich is committed to fair and responsible business and prohibits all forms of bribery or 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.

Responsible sourcing and procurement

Advancing our efforts to become a leader in sustainability means we also have to look at the indirect environmental and social impacts of our operations. We aim to work with suppliers who share our values, and we expect high standards of business conduct from those who represent us or do business with us. We are continually working to improve policies, processes and guidelines for managing sustainability issues in the supply chain. Zurich ensures that sustainability is an integral part of its sourcing and procurement function to ensure that we are able to uphold our commitment to sustainability through the products and services we purchase, and contractual agreements we enter into. We incorporate environmental, social and governance criteria to assess the goods and services we buy, in line with best value and in compliance with relevant legislation. We also ensure relevant sustainability clauses are included in contracts with suppliers, such as ethical conduct and labor, health and safety and environmental standards.

Zurich continues to drive spend through social enterprises, selecting partners who offer products we need, and who are committed to donating a portion of profits to achieve social impact. For example, in 2018 we purchased reusable water bottles for all employees in the UK from a social enterprise that invests 20 percent of revenues to fund water projects in Africa. This supports a move away from disposable cups and promotes drinking more water during the work day, which provides both environmental and health benefits. We also work with Belu, a water supplier that sends 100 percent of its net profit to water aid for villages in Africa. Our stationery supplier in the UK, WildHearts Group, transforms lives through programs addressing gender inequality and social mobility issues. We are also continuing to drive waste reduction globally within our catering supply chain and use more sustainable products.

In 2018, Zurich in the UK launched its Supplier Accreditation Scheme. The scheme which encourages sustainable business practices and sustainability in the supply chain, measures suppliers against robust criteria, including their impact on the environment, their diversity and inclusion approach, workplace rights, governance and their community activity. Suppliers are asked to complete a comprehensive questionnaire, and Zurich's in-house experts score the suppliers' response. If the supplier's application is successful, a gold, silver or bronze accreditation is awarded, as measured against the criteria. In 2019, Zurich plans to expand the accreditation scheme beyond the UK.



Our role as investor

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 take these assessments into account 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.

Over the course of 2018 we made further progress in applying our responsible investment approach.

Divesting from thermal coal

Zurich is taking firm steps on climate change to shape a more resilient tomorrow. The latest Intergovernmental Panel on Climate Change (IPCC) report underpins the necessity to act and contribute to the broader efforts of achieving a 2-degree compliant future. In 2018 and in line with Zurich's upgraded climate change policy, we divested our equity positions from companies whose activities are predominantly focused on thermal coal, if these companies have no plan to realign their business toward a low-carbon future. We will not invest in new debt issued by such companies and will run off existing holdings.

ESG integration

We are continuously amending legal agreements with our external asset managers to explicitly require responsible investment practices; over 87 percent of investments designated to be in scope of our ESG integration approach are now covered by Investment Management Agreements referencing ESG integration.

While most of our equity investments are managed externally, we have now put in place all necessary policies and procedures to actively exercise our voting rights as a shareholder for equity investments that are managed internally. We have made progress in rolling out our proxy voting policy to additional countries. We currently exercise our voting rights for 52 percent of our voteable assets under management held internally and externally.

Furthermore, we have worked with various Zurich pension schemes trustees in developing their own responsible investment strategy.



Impact investing

Overall, our impact investment portfolio grew from USD 2.8 billion in 2017 to USD 3.8 billion in 2018, including not only green, but also social and sustainability bonds, as well as commitments to six private equity funds that are active in fields such as financial inclusion or clean tech. We for the first time also included our private debt impact infrastructure investments as an asset class. This required a common definition of what is 'impact infrastructure.'

This growth not only helps us to get closer to our commitment to USD 5 billion of impact investments on an overall portfolio level, but also to achieve our impact targets: helping to avoid 5 million tons of CO₂ equivalent emissions and improve 5 million people's lives on an annual basis.

In 2018, we developed a good understanding of how to aggregate the impact in terms of CO₂ emissions and people benefited across the different asset classes in our impact portfolio. CO₂ emissions is a well understood and established metric for reporting impact on investments. The International Financial Institutions provide a helpful tool to improve consistency and comparability. The social impact of our investments is measured by the number of people who benefited from them.

Advancing together

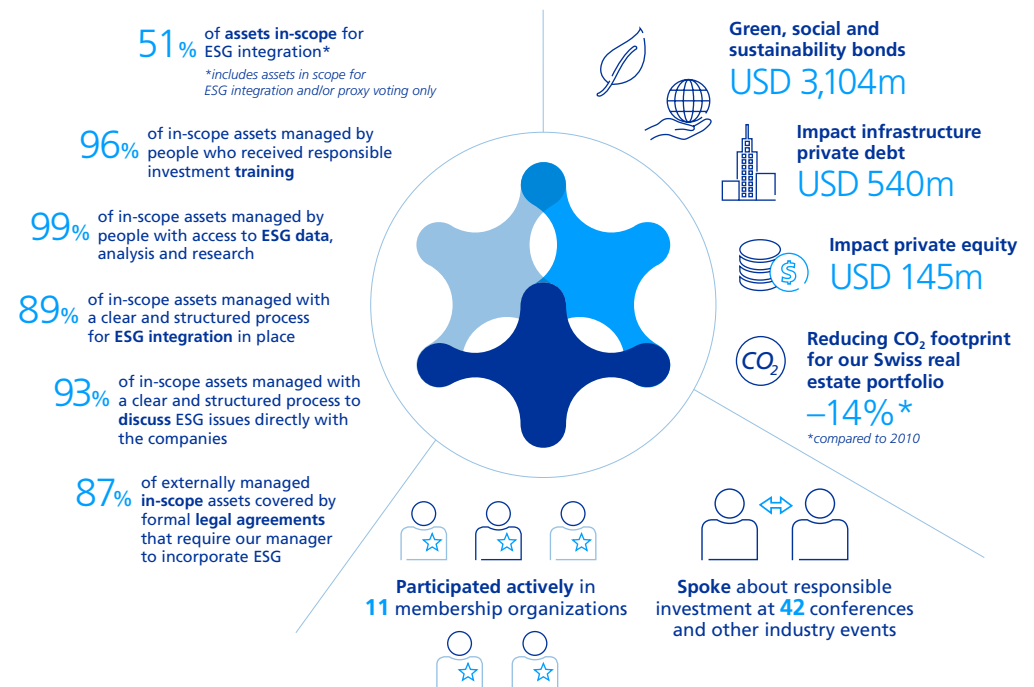
We believe it is critical to engage all market participants in a dialogue on responsible investment. Over the course of 2018, we led conversations about responsible investment with our external asset managers; engaged with policymakers and regulators on the topic of sustainable finance; encouraged banks to integrate sustainability assessments in their research; and spoke at 42 industry events. In Switzerland, we have been working closely with the State Secretariat for International Financial Matters (SIF) and the Swiss Insurance Association (SIA) and signed a common responsible investment statement.

We also remain actively involved in 11 industry initiatives, such as the Investment Leaders Group (ILG), which we joined as a founding member in 2013, the Global Impact Investing Network (GIIN), and the Green Bond Principles/Social Bond Principles (GBP/SBP) as a member of their steering and executive committees.



Zurich Insurance Group had, as of June 2018, invested EUR 150 million in green bonds issued by the Spanish multinational utility company Iberdrola. This investment enables the utility to avoid 46,000 tons of CO₂ emissions in the course of a year, the equivalent of CO₂ emissions released by 1.9 million propane cylinders used for home barbecues, or the carbon sequestered by almost 800,000 tree seedlings grown over a 10-year period.*

*Source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>



Data as of 31 December 2018

Responsible investment key performance indicators

	2018	2017	Change	2016	2015	2014
External asset managers who are signatories to PRI (%) ¹	74.2%	71.0%	3.2 pts	74.1%	70.4%	67.9%
Group assets managed by PRI signatories (%) ²	97.2%	97.2%	0 pts	97.7%	98.1%	98.8%
Total amount of impact investments (USD millions) ³	3,790	2,830	34%	1,704	1,031	667
Investment portfolio (USD millions) ⁴	195,472	207,261	(6%)	195,852	191,238	204,860

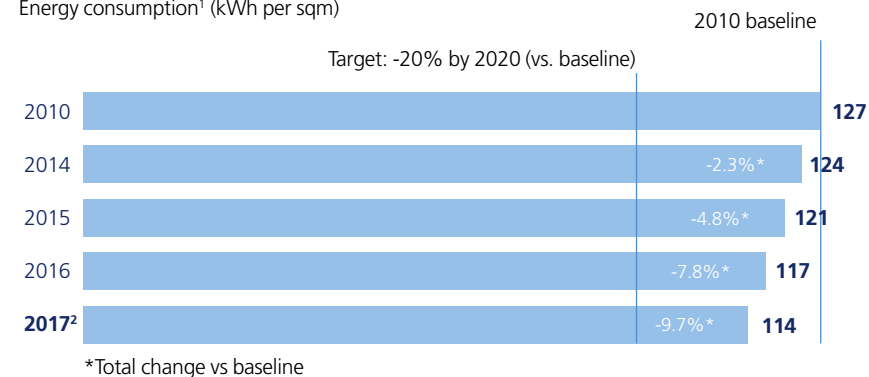
¹ The United-Nations supported Principles for Responsible Investment (PRI).

² Including assets managed by Zurich.

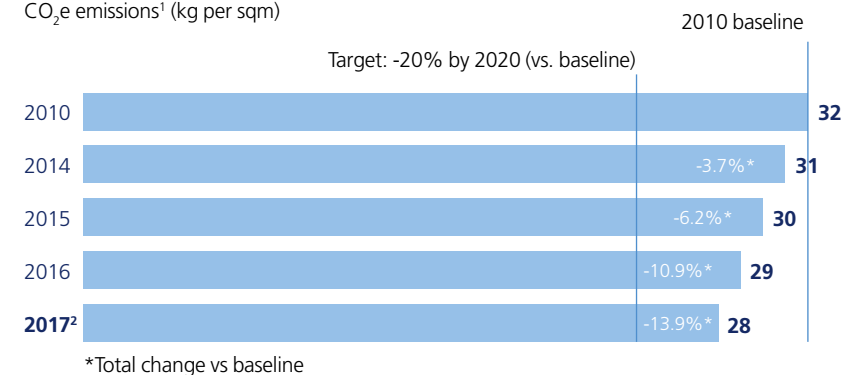
³ Impact investments in 2018 consisted of: green bonds (USD 2.68 billion), social and sustainability bonds (USD 425 million), investments committed to private equity funds (USD 145 million, thereof 45 percent drawn down) and impact infrastructure private debt (USD 540 million).

⁴ Starting in 2017, the 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 (44% 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 2018 will be available in Q1 2020.



Our role as employer

An organization is only as strong and as good as its people. We continue to focus on identifying the right people for the right roles at the right time, helping them to unleash their full potential through targeted development. This benefits our employees and our customers. We need to be able to recruit, develop and retain a diverse and talented workforce that can thrive in a culture of mutual trust, respect and inclusion.

Overview of diversity and inclusion at Zurich

A diverse and inclusive workforce is good for business – it is good for customers, for profitability and workplace culture. As the working age demographic is shrinking rapidly, it is making the search for talent even more intense. A diverse and inclusive culture is critical to remain an employer of choice.

To succeed, Zurich needs to attract, develop and retain talented people who reflect the diversity of our global customers. A workplace that brings out the best in everyone where people feel welcome, valued and included, allows employees to achieve their full potential and perform at their best.

When we welcome difference, we promote innovation, boost productivity and deliver better results. Our diversity and inclusion programs work to shape an environment that:

- encourages and values different views and opinions;
- respects employees' personal needs; and
- provides equal opportunities regardless of gender, race, ethnicity, age, sexual orientation or other aspect of difference.

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.

Employee Resource Groups (ERGs)

ERGs are employee-led groups that provide personal and professional support and networking. Our ERGs can also help Zurich better understand the challenges our employees and customers face. Zurich currently has a wide range of global and local groups and is committed to fostering an open and accepting environment. These include:

- WIN (Women's Innovation Network);
- Pride@Zurich/GLEE (Gay, Lesbian Everyone Else);
- CAN (Cultural Awareness Network);
- Zurich African American Alliance;
- Emerging LeaderZ;
- Disability Inclusion Group.

Economic Dividends for Gender Equality

In November 2015, Zurich became the first global company in the insurance industry to be certified by the Economic Dividends for Gender Equality (EDGE). Our decision to apply for EDGE certification demonstrates our aim to improve gender equality within all areas of our business.

As of 2018, we have 12 business units in 11 countries EDGE certified, with three certified at EDGE 'Move' level. These businesses represent 52 percent of all Zurich employees. Globally, we are one of only 13 brands to be recognized at the EDGE 'Move' level for demonstrating our progress in improving gender equality. This demonstrates our goal of improving gender equality and empowering women in the workforce.

Inclusive Behaviours Pledge

In July 2018, insurers, industry bodies and brokers, together with other organizations across the UK insurance sector, joined forces to launch a new industry-wide pledge, designed to change behaviors and create a more inclusive work environment across the sector. The Inclusive Behaviours Pledge spearheaded by Lloyd's and Zurich, has attracted a groundswell of cross-sector support. The pledge addresses all forms of potential discrimination in the workplace, whether on the grounds of age, disability, gender reassignment, marriage/civil partnerships, pregnancy/maternity, family and caring responsibilities, race, religion/belief, gender or sexual orientation. It sets out a clear framework of desired behaviors for leaders and their employees in the workplace, as well as in their interactions with suppliers and customers.

A dedicated website – www.inclusiveinsurancepledge.co.uk – has also been launched, where organizations can read about the pledge and sign up online. The website provides signatories with an 'inclusive behaviors' toolkit, designed to help firms embed and enforce the pledge across their organizations.

Dive In Festival 2018

Zurich was a gold sponsor of the 2018 Dive In Festival which is an insurance sector-wide global diversity and inclusion festival with events taking place in 26 countries and 50 cities. The festival aims to pool resources, widen perspectives and share best practice in diversity and inclusion to speed up change.

Equal pay

We want to give people equal opportunity to deliver, and we aim to compensate our people fairly through pay, promotions and opportunities. Working with EDGE, we have developed an Equal Pay Analysis Tool that enables us to review equal pay for equivalent work in similar roles. This tool has been audited and verified by an independent third party and is accessible across our business. Currently the analysis is being conducted across all our EDGE-certified countries with promising signs that our pay practices are gender neutral.

Recognition of our diversity and inclusion efforts

In 2018, Zurich was named as one of 100 companies included in 2018 Bloomberg Gender Equality Index providing quality investment data on gender equality. Also in July 2018, Zurich was named as one of only 13 top global employers and the only insurance company in Stonewall's Global Equality Index assessing assessing lesbian, gay, bisexual, and transgender (LGBT) workforce equality.

Apprentice program

Zurich established a first-of-its-kind U.S. apprenticeship program for the insurance industry in 2016, with 19 apprentices graduating in 2017. This program resembles one that has been successful for many years at its Switzerland headquarters. Our experience in Switzerland has shown us that apprenticeships are a very powerful way of developing core business competencies, inspiring people to take on new challenges and nurturing future leaders.

In 2018, our second group of 11 apprentices were awarded Associate in Applied Science in Business degrees along with their Certificates of Completion from the U.S. Department of Labor at a ceremony in November that coincided with National Apprenticeship week in the U.S. A third group of 13 apprentices began their studies in August. Also in 2018, we responded to a growing need for talent in the field of cyber security by launching a Cyber Security Support Technician Apprenticeship program with four participants. Over the course of two years, these apprentices will complete on-the-job learning rotations in threat defence, incident response, application security, vulnerability management and threat intelligence while completing coursework and multiple third-party certification exams. To enhance these programs and further support development and growth of our apprentices, we continued to engage with them and other stakeholders by holding several listening sessions in 2018.

Zurich is in conjunction with the U.S. Department of Labor, is sharing what it has learned from developing a successful apprenticeship model with other insurance and financial services companies throughout the U.S. Our approach to talent acquisition will hopefully serve as a catalyst to encourage other insurance and financial service providers to create their own apprenticeship programs.

Zurich is committed to training at least 100 apprentices in the U.S. by 2020



2018 incoming apprentice class

People key performance indicators

	2018	2017	Change	2016	2015	2014
Total number of employees - headcount	53,535	53,146	0.7%	53,894	55,732	55,969
Total number of employees - FTE (full time equivalents)	52,267	51,633	1.2%	52,473	54,335	54,551
Employee turnover rate (%) ¹	14.1%	14.7%	(0.6 pts)	16.5%	12.9%	12.4%
Average tenure (years)	9.7	9.8	(0.5%)	9.9	9.6	9.3
Group voluntary turnover ¹	7.5%	7.5%	0 pts	8.2%	-	-
Technical functions voluntary turnover ^{1,2}	7.0%	7.1%	(0.1 pts)	8.7%	-	-
Female workforce participation (%)	50.7%	50.6%	0.1 pts	51.1%	51.9%	52.1%
Female participation in Leadership Team (%)	22.3%	21.0%	1.3 pts	16.2%	13.7%	15.0%
Employee participation in Group-wide feedback channels (%) ³	69.5%	-	-	-	-	-
Employee net promoter score (ENPS) ⁴	+7	-	-	-	-	-
Active learners (%) ⁵	93.8%	94.9%	(1.1 pts)	95.0%	93.8%	98.8%

Notes: Bolivia, and the Farmers Exchanges, which are owned by their policyholders, are not in scope of any above key performance indicators (KPIs).

¹ Turnover figures only consider regular and in-patriate employees.

² Technical functions include Claims, Underwriting and Risk Engineering.

³ New KPI in 2018 with a larger scope than prior years: Group-wide feedback channels include organization health surveys, employee net promoter scores and any other Group-wide feedback channels. Specifically in 2018 this KPI refers to the average participation rate in the two occurrences of the employee net promoter score survey.

⁴ ENPS is a new KPI introduced in 2018. It 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. ENPS is based on the methodology of measuring and improving customer satisfaction and loyalty (transaction NPS and relationship NPS) which Zurich uses as a successful method to retain customers.

⁵ Employees who have taken at least one course during the year reported. Farmers Management Services is not included in the KPI scope.

Our well-being framework

Zurich is dedicated to providing a working environment that supports employees' physical and mental health and well-being. Employee well-being is about having employees that are healthy, happy and motivated in their work. As a result, we have developed a comprehensive framework in 2018 that focuses on providing individuals with the means to improve their own well-being. This framework allows for global direction with local implementation. An effective way to manage well-being, including health and safety, will help our employees to perform better in serving our customers, creating added value for all our stakeholders.



Our physical working environment

Our physical well-being pillar focuses on our physical working environment and the positive impact that our office buildings can have on the health and well-being of employees, and how we can integrate well-being principles into the design and day-to-day operations of our offices. This enables a holistic effort to support employees in feeling good and functioning well. We are aiming to achieve our first certification in the 'WELL Building Standard' for a new office project in 2019 and will use this learning to inform other projects.

In 2018, we have continued to implement dynamic working environments that provide modern and flexible workplaces for employees and foster greater productivity, collaboration and mobility. We have increased the number of well-being programs to encourage and promote healthier lifestyles, for example, fitness and healthy food campaigns in Italy, employee sports clubs in Spain and health talks from registered medical practitioners in Hong Kong. Our interactive web-based 'Ergo' training and assessment tool provides ergonomic guidance to employees, to promote a healthier working environment.

Health and safety

We updated our Group Health and Safety policy and its related policy manual. The Group policy articulates our overall approach to managing health and safety in the business, and the policy manual identifies the minimum requirements necessary to implement the policy effectively. These documents provide a structured framework for managing health and safety effectively across the business, but with locally relevant implementation. This enables each business unit to adopt a sensible and proportionate approach to improving employee safety, reducing workplace risks and creating better working environments. The framework is based on the new ISO 45001 international management system standard for occupational health and safety published in 2018.

In addition, we implemented a new health and safety incident reporting system using a web-based software solution. The new system has been fully implemented in UK, Switzerland, U.S., Canada, Australia, New Zealand, Hong Kong, Malaysia, Portugal and our business units in the

Middle East. Other countries are planning to implement these in 2019. The new system enables each country to report, investigate and manage health and safety-related incidents using a globally consistent process.

To enable our employees to better balance the competing needs of both work and home, our FlexWork@Zurich initiative promotes a way of working that empowers employees to work where, when and how they choose, with maximum flexibility and minimum constraints, to improve performance and help to maintain a healthy work-life balance. This has been implemented in over 20 countries.

Mental well-being

Set against a backdrop of a growing mental health issues across the world, our mental well-being pillar focuses on creating an environment that demonstrates care and concern for employees, while enabling them to be at their best in both their personal and professional lives. As a result, Zurich provides a variety of support services, guidance and initiatives for employees on managing potential issues associated with stress in their working and personal lives. We have piloted a Mental Health First Aiders course for employees and will be rolling this out across the Group in 2019. In Ireland, we have established a Program – 'Tackle Your Feelings' -- that features rugby players urging people to be strong enough to confront mental and emotional illnesses; the program is now being scaled across the Group. In many countries, employees have access to Employee Assistance Programs – confidential independent employee advice and support services. On World Mental Health Day in 2018, we ran a global exercise for employees to identify 'What's in your stress container?'. This was used as a platform for discussing positive mental well-being.

In 2018, we built a foundation that will enable us to focus on what matters most for our employees, so that they can bring their whole selves to work and reach their full potential.

HealthFirst

The HealthFirst program for Zurich employees in North America provides the resources to guide employees through a range of healthcare needs. The HealthFirst dedicated team of nurses and wellness coaches have access to the latest resources and tools to support employees to live healthier. This program includes personal lifestyle plans that focus on goals, competition, progress tracking and healthy living; a confidential health survey assesses employees' lifestyle habits and provides immediate, personalized feedback to improve or maintain health; a virtual, personal support weight management program for Zurich employees and their spouses/domestic partners; and a range of activities to help maintain and encourage a healthy lifestyle.

In 2018, 863 people took part in 20 national wellness walks; 1,400 people received flu vaccinations; and Zurich hosted biometric health screenings for more than 2,000 people. In addition, a national wellness champion network of employees was created to promote HealthFirst programs and host wellness-related activities.

HealthFirst
A wellness program for Zurich employees

Our role in society

Tackling floods

In 2013, Zurich, together with academic institutions and NGO partners, launched the first phase of the global Flood Resilience Alliance with innovative pre-event mitigation measures to help the poorest communities in the world protect themselves from floods.

The Z Zurich Foundation ('Foundation') made contributions to all partners over the course of the program, totaling CHF 37 million. In addition, Zurich funded a dedicated program team and provided significant senior management input, as well as resources at country level in Indonesia and Mexico where local programs were run. After the completion of the first phase, we reflected on the achievements and lessons learned as well as looked ahead to the second phase announced in July 2018.

Looking back at the first phase

Through the use of the Flood Resilience Measurement Framework for communities (FRMC), we have seen many communities increase their understanding of and resilience to flood exposures. With very few exceptions, resilience measurement results have improved in all program communities over the duration of the program. One important – but unquantifiable – impact has been the level of collaboration, exchange and sharing of knowledge across country programs. The Alliance's disaster risk reduction activities have made a difference and directly benefited 225,000 people across our 13 programs in nine countries. The International Federation of Red Cross and Red Crescent Societies (IFRC), Practical Action and the International Institute for Applied Systems Analysis (IIASA) have continued as members of the Alliance in the second phase.

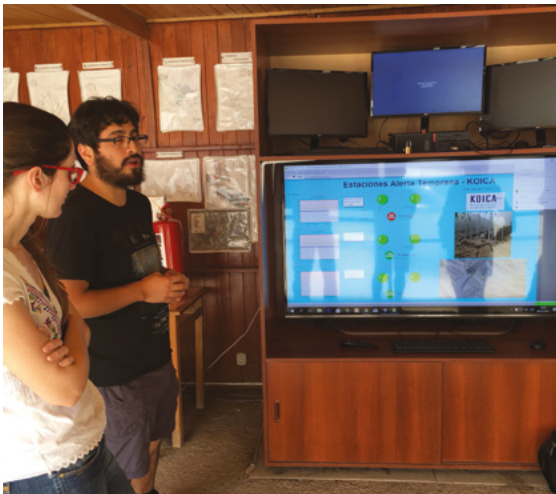


Recognition of a community brigade through a certificate of the Mexican Civil Protection Service. IFRC in Tabasco, Mexico. Photo: Michael Szönyi

Examples of impact at a community level

The International Federation of the Red Cross and Red Crescent Societies (IFRC): In Indonesia, impacts include the full implementation of the flood early warning and early action system (FEWEAS) for the Citarum and Bangawan Solo river basins. The system covers over 26 districts/ municipalities and could reach over 40 million people.

Practical Action: In Nepal, flood warning lead times provided by early warning systems (EWS) have increased from two-three hours to five-seven hours, and loss of lives is lower compared to river basins without EWS. In Bangladesh, long-term lead times have increased from two to five days. In 2017, there was no loss of life in the program areas in Peru during the devastating coastal El Niño flooding.



Practical Action's early warning system in Lima, Peru.
Photo: Michael Szönyi



Michael Szönyi, Zurich's flood resilience program lead, tends to a warning system camera, while Miguel Arestegui of Practical Action, who developed the simple, cost-effective technology, checks the camera image on his smartphone. Photo: Emilie Etienne

Concern Worldwide: Working in Afghanistan and Haiti, the most vulnerable and marginalized communities in those societies are now better represented due to the creation of local disaster management and flood resilience committees, and their participation in flood resilience planning and decision-making processes.

Plan International: Along tributaries of the Koshi river in Nepal, where Plan International have engagement programs, local governments have started to budget more for flood risk reduction. Since 2015, a total of approximately NPR 4 million has been set aside for soil conservation, flood protection infrastructure and disaster prevention, a local disaster emergency fund and for livelihood diversification.

The **National Academy of Sciences (NAS)** in the U.S. implemented disaster preparedness training to 19 non-profit organizations across the country. It facilitated meetings of a diverse stakeholder set to focus on planning and financing local mitigation efforts.

Post Event Review Capability (PERC): Zurich has developed, in collaboration with **ISET International**, a forensic methodology to understand how large flood events turn into humanitarian disasters. This process analyses the root causes of why events become disasters. It tries to answer, at an event level, what worked well and where there are opportunities for further improvements. We have produced 13 PERC reports and an overall PERC summary report consolidating all our global lessons learned so far, including one analyzing the dynamics surrounding Hurricane Harvey in Houston.

Zurich has contributed around USD 350,000 into developing these reports together with invaluable volunteer time from the insurance, engineering and NGO sectors, including global companies such as JBA Risk Management through its **JBA Trust** as well as Aon Benfield Inc.'s Impact Forecasting.

Research programs: An early in-depth meta-study by research partners **IIASA** and **Wharton School of the University of Pennsylvania** examining a variety of programs and projects working in the flood resilience space found that, on average, one dollar invested in prevention saves five in future losses, a compelling cost-benefit ratio. In addition, the research program supported shifts in climate negotiations on dealing with climate-related impacts and risks, and shifted the narrative on disaster risk reduction toward building back better and an enhanced role for resilience. The final phase of our research program also saw the publishing of two important books on forensic analysis and loss and damage.

Researchers involved in the program, have developed and produced around 40 articles and other publications. These have been cited almost 900 times, demonstrating the importance of this work.

Flood Resilience Measurement for Communities (FRMC):

Faced with a situation where there was no ready-made way to assess resilience, we have developed our own community flood resilience measurement framework, together with the tools to practically apply it. The resulting FRMC is a decision-support tool that has been used in over 110 communities in 13 programs within nine countries and generated over 1.1 million data points used for further analysis.

Through the use of the FRMC, we find that overall there is a very positive increase in resilience between the start and the end of the community programs. Many communities are increasing their flood resilience, and, with very few exceptions, resilience measurement results have gone up in all program communities.

Conclusions of phase 1 (2013-2018)

The long-term approach of the flood resilience program has been a key factor in its success. It helps to design different and more meaningful, and often more innovative resilience-building interventions. Ultimately, this leads to an improved understanding of resilience across all alliance members and the communities with whom we work.

While we have been successful and on the right track, there is still a need for far more investment into resilience as well as for reducing losses and suffering caused by flooding across the globe.

Launch of phase 2 (2018-2023)

In the second five-year phase of the program launched in July 2018, Alliance members aim to increase the investment going into pre-event resilience building by USD 1 billion. We already know that every dollar invested in prevention on average saves five dollars in future losses. We will do this by rolling out best-practice community programs that demonstrate the value of resilience-building; compiling best practices and success stories; and advocating for more investment in resilience with authorities and public and private funders.

We have expanded the number and reach of organizations for the next phase of the Alliance, which now comprises Zurich working with leading NGOs: **Concern Worldwide**, the **International Federation of the Red Cross and Red Crescent Societies (IFRC)**, **Mercy Corps**, **Plan International** and **Practical Action**, as well as the following research partners: the **International Institute for Applied Systems and Analysis (IIASA)**, the **London School of Economics** and the **Institute for Social and Environmental Transition-International (ISET)**. We share our knowledge with the public on our own **flood resilience portal**.

“In my experience, resilience in general (not just flood resilience) is not a quick fix but requires a continual cycle of awareness, planning, implementation and reflection, all of which requires time and resource. Zurich is fairly unique as a private sector organization investing time and effort in this way.”

Colin McQuistan, Senior Advisor on Climate Change and Disaster Risk Reduction, Practical Action

How we work together – the Alliance model is one of shared responsibility and full collaboration

To achieve large-scale impact, learnings need to be turned into practical solutions and then used to inform large-scale programs. Our alliance brings together specialists in each of these areas, which will lead to improved community resilience toward flooding. This is a true collaboration. Rather than Zurich simply being a donor and providing the money for research to be conducted and community programs to be implemented in isolation, we work together through a set of work streams, each led by one alliance member organization. Coordination across the work streams ensures they do not operate in silos. They are accountable to the alliance management team – senior representatives from all member organizations.



Investing in local communities

The Z Zurich Foundation seeks to support people and communities in building a better, more resilient future. 2018 was a watershed year and saw the Foundation embark on the start of an exciting new phase. As society is changing, we believe that the Foundation's purpose needs to change too – to help people tackle the negative consequences of change and capitalize on the opportunities that change presents – helping them achieve their full potential.

The Foundation's funding supports three pillars of activity; our global program, our local programs and encouraging employee engagement.



Global program

The Z Zurich Foundation continues to support Zurich's award-winning flood resilience program with funding of approximately CHF 20 million for the second phase. This phase will run for five years, from 2018 to 2023, with the alliance members working together in a fully collaborative and joined-up approach.

Local programs

This initiative gives Zurich offices an opportunity to apply for funding to support local long-term community investment initiatives to address some of society's biggest challenges in areas such as health and well-being, youth empowerment and disaster resilience. This also provides great opportunities to maximize our employees' engagement with the Foundation.

At Zurich, we are committed to promoting better mental well-being. We demonstrate this objective through our products and services, but also through the work of the Z Zurich Foundation. Around the world, many countries address this important topic through community investment activities and local grant programs. In 2018, we have looked for ways to replicate impactful local programs and for cross-country learnings. A great example is the 'Tackle Your Feelings' campaign, which has been running for three years in Ireland, helping to destigmatize mental health issues. Ireland has one of the highest youth suicide rates in Europe, particularly among young men. Zurich Ireland paired up with the Rugby Players Ireland – the representative body of professional rugby players there – to undertake 'Tackle Your Feelings' (TYF), a three year, one million euro campaign aimed at changing attitudes and breaking down the stigma around mental health issues, changing behaviors and creating a movement of 'champions' in communities across Ireland to keep the message alive in the years to come.



A panel discussion, where Zurich's employee ambassadors shared their stories of dealing with challenges to their mental well-being, led by Anthony Brennan, CEO of Zurich Ireland and Dr. Eddie Murphy, clinical psychologist and Tackle Your Feelings advisor.

The Irish program has inspired Zurich Australia to launch a similar community partnership program with the Australian Football League's (AFL) Players and Coaches Associations. The program is named 'MindFIT' and has been realized thanks to a local grant from Z Zurich Foundation of AUD 5.5 million over five years. This is the most substantial local grant from the Foundation to date and will enable Zurich Australia and the AFL Coaches and Players Associations to establish a national program to destigmatize mental health issues in the community, using AFL as the vehicle.

The 'MindFIT' grant will be used to train and empower grassroots community AFL coaches to act as mental health champions, with the goal of supporting more than 50,000 children who play in the AFL (and their families) over the life of the program.

The overall ambition of the program is not only for attitudinal change, but also behavioral change to enable people to better support their own mental health and that of others.

AFL is Australia's most preeminent professional sporting competition and the nation's wealthiest sporting body. This program has the potential to make a real difference to mental health in Australia.

Community investment key performance indicators

	2018	2017	Change	2016	2015	2014
Contributions (cash in USD millions) ¹	3.4	6.6	(48%)	1.6	1.5	0.8
of which contribution from employees (USD millions)	1.4	3.1	(55%)	0.7	0.6	0.3
of which matching contributions from the Z Zurich Foundation (USD millions)	1.1	1.2	(8%)	0.9	0.9	0.6
of which matching contributions from Zurich business units (USD millions)	0.9	2.4	(63%)	0.1	–	–
Total time volunteered from workforce (in business hours)	121,290	128,062	(5%)	44,225	31,040	33,210
of which skills based time volunteered (in business hours)	29,619	22,579	31%	4,039	–	–
Total charitable full year cash contributions (USD millions) ¹	20.9	23.1	(10%)	29.6	22.6	22.7

¹ Charitable contributions include corporate cash donations only. Contributions cover 100% of our Group's business units and the Z Zurich Foundation. Contributions of the Z Zurich Foundation are valued on a cash-out basis. Excluded are the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group Inc a wholly owned subsidiary of Zurich Insurance Group Ltd, and contributions made by Zurich employees. All amounts are rounded to the nearest USD 100,000 with the consequence that the rounded amounts may not add up to the rounded totals in all cases.

Youth empowerment

The Z Zurich Foundation provides funding for long-term community investment initiatives focusing on youth empowerment in countries across the globe. The programs are supported by Zurich employees, who volunteer their time and skills to maximize local impact. These programs include the expansion of a social enterprise hotel in Colombia, where young people from rural areas are trained in hospitality and tourism; a program in Turkey which aims to train 1,000 female teachers as social entrepreneurs by 2023; and youth mentoring programs in Denmark, Norway, Sweden and Australia. A partnership with Verein T.I.W. in Austria, helping socially excluded young people to develop the skills needed to succeed in the workplace, has demonstrated the mutual value these programs can bring. This year, the charity used the knowledge of working with their beneficiaries to review some of Zurich's product literature, ensuring that it was written in language that could be understood by all members of society.

Several Zurich business units have also developed local financial literacy programs, including Zurich in the UK and Slovakia. These initiatives aim to equip young people with financial and numerical skills, and to inspire and prepare them for the increasingly competitive and fast-changing world of work. Zurich volunteers help to deliver sessions at schools on topics covering everything from the basics of bank accounts and budgeting to protecting against fraud, scams and understanding insurance.

Dual vocational training (Spain)

Spain's youth unemployment rate is one of the highest in the eurozone and this directly affects our business. We need young people to be prosperous and able to participate in the workforce, as they will become our future employees, our future customers, and maybe even our future shareholders. To help address this issue, Zurich Spain, in partnership with the Catalan regional government's Education Department and the Alliance for Dual Vocational Training (supported by the Bertelsmann Foundation), has developed the Advanced Level Vocational Training Program in Management and Finance with a special focus on insurance. This program combines school study with paid training at Zurich's business in Spain over two-year period. This initiative has not only attracted new students and led to the design of brand new teaching materials, but also trained teachers, with direct input from Zurich's employees in Spain. Zurich is working with the Institut Escola del Treball in Barcelona, and the Col·legi Badalonès in Badalona, which launched this initiative during the 2017-2018 academic year, with 30 students taking part.



Zurich employee teaching during the 'train the trainers course' for vocational training teachers

Minimizing our environmental footprint

Our approach to environmental management follows a four-pillar structure:

- **Standards & governance:** Group environmental policy and global environmental management system (based on ISO 14001).
- **Environmental reporting:** Central data management tool to support local and global data management, and reporting requirements.
- **Strategy & projects:** Develop and embed structural mechanisms to transition to more sustainable processes and outcomes in line with evolving best practice.
- **Communications & change management:** Engagement to build awareness, buy-in and drive behavior changes in the office, on the road and at home.



Zurich's emissions stem from two main sources: our office facilities and business travel. Since 2016, Zurich has enforced smarter travel practices reducing travel emissions by 22 percent in 2017, compared to the 2015 baseline. With over 600 office facilities globally, transitioning to a more sustainable portfolio is a slower but steady process requiring consideration at building selection, in fit-out and construction processes, in operational practices and finally in decommissioning.

Zurich has a clear strategy, and track record, for ensuring new or redeveloped headquarters and large office locations achieve reputable, sustainable building qualifications such as Leadership in Energy and Environmental Design (LEED), German Sustainable Building Council (DGNB), Minergie (Switzerland's construction standard for new and modernized buildings), and BREEAM UK (the world's leading sustainability assessment method for master planning projects, infrastructure and buildings). Some examples include:

- Zurich's Swiss headquarters received the first LEED Platinum certification for office buildings in Switzerland in 2014;
- Zurich opened the doors to its LEED Platinum certified Zurich North America headquarters in 2016;
- In 2018 Germany's new Frankfurt office location achieved DGNB Gold certified / BREEAM-In use excellent; and
- Zurich's new global headquarters in Zurich, Switzerland, planned to open in late 2020, aims to achieve both LEED and Minergie certifications.

In addition to emissions mitigation and energy efficiency opportunities, we consider how we can reduce waste, water and paper, and increase recycling. Some of the ways in which we are doing this include:

Reducing single-use plastics

Zurich employees are very passionate about reducing the use of single use plastics within our operations. Some of the initiatives to remove these from our operations include:

- Our operations in Ireland have implemented 100 percent compostable replacements for cups, cutlery and food containers;
- In Switzerland, we have stopped purchasing plastic cups in all our office locations;
- In addition to purchasing reusable water bottles for all employees, the UK is actively working to replace any food and beverage processes with dependencies on single-use plastics;
- Zurich North America has rolled out a new beverage service that promotes the use of refillable water bottles.

It is critical that we involve our employees in all our environmental initiatives as they will make a huge difference to improving our environmental performance. To strengthen our employee's knowledge, awareness and engagement in our sustainable operations, we have established a way in which employees can promote environmental best practice across the Group. We have a database of resources which is kept up to date, focusing on topics such as reducing paper, increasing recycling and sustainable food. Our goal is to encourage more sustainable behaviors and practices not only in our offices, but also in our employees' lives outside of work.

More sustainable offices premises in Lugano, Switzerland

By reinforcing the importance of sustainability for Zurich at the onset of the project, we were able to work with the landlord of our new southern Switzerland regional office to deliver significant environmental improvements to the premises, including a green lease to incentivize environmental efficiency improvements for both lessor and lessee; replacing oil heat to a lake water thermal pump, and a photovoltaic and green wall integrated into the facade.

CO2 emissions per employee (tons per FTE)

Environmental key performance indicators	2017 ³	2016	Change vs baseline	2015 baseline	2014	Target
CO2 emissions per employee (tons per FTE)	2.06	2.08	(15%)	2.43	2.47	-20% by 2025 (vs baseline)
of which CO2 emissions related to facilities (tons per FTE) ¹	1.09	1.08	(8%)	1.18	1.28	
of which CO2 emissions related to travel (tons per FTE) ²	0.97	1.00	(22%)	1.24	1.19	

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

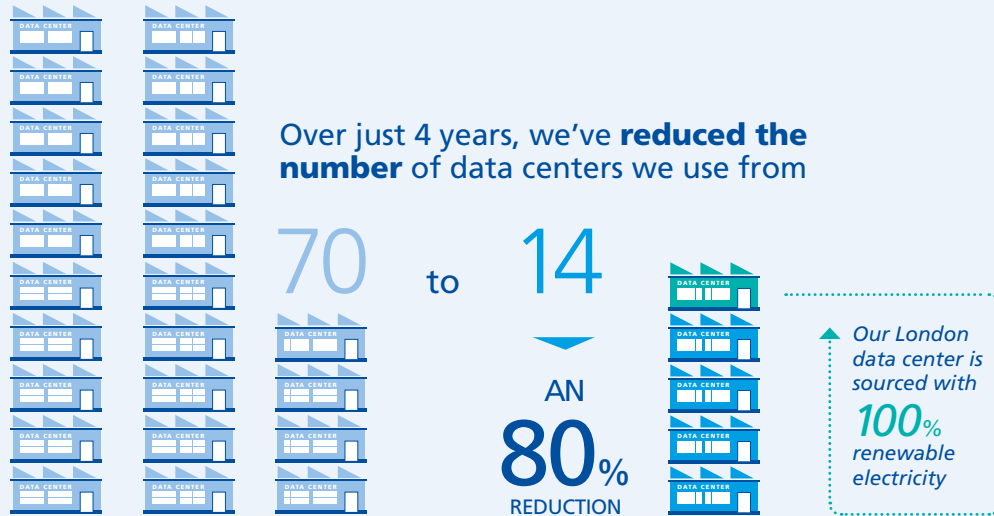
² Includes emissions from air travel and cars (rental cars and car fleet)

³ 2018 data will be available in Q2 2019

Sustainable IT

Technology is helping to support improving our environmental performance. For example, we are actively moving away from a dependency on paper, by using digital note taking tools, supporting the use of tablets and moving paper-based processes to digital ones. When we have to print, we have double-sided printing set as the default.

Our data center consolidation program continues to deliver great results. In just over four years, we have reduced the number of data centers used from 70 to 14; an 80 percent reduction. A major benefit delivered by this program even as our data demand grows, is that we are able to absorb the growth through a more efficient platform structure. This gives us far greater control of our total energy impact. We are also focused on energy supply at our data centers, for example at our London data center, where we have secured a 100 percent renewable electricity supply.



Zurich has been carbon neutral since 2014 through our continued work with Rimba Raya Biodiversity Reserve project in Indonesia.



Photo supplied by InfiniteEarth
Protecting forests and the species which live in them

Working with communities on climate change awareness

Weather frog

In 2017, Zurich Switzerland introduced the new 'Wetterfroscher' (weather frog) climate change education program in partnership with Meteotest, using its expertise to devise a 'Natural Hazards' module. By discussing weather-related issues, 10 to 13-year-old school children learn how to interpret the effects of climate change, identify potential hazards and, most importantly, how to protect themselves. A weather and climate expert delivers these programs in classrooms, together with Zurich employee volunteers who cofacilitate these sessions in a light-hearted way, by bringing in their expertise in protecting people and their property.



Umwelt Arena

The Umwelt Arena in Switzerland, an information center for sustainability with around 120,000 visitors annually, offers hands-on experience and information on sustainable practices for a broad audience. Since opening in 2012, Zurich has hosted one of 45 interactive exhibition pavilions, addressing how exactly climate change impacts our lives, and promoting awareness for the protection against natural hazards and for sustainability.

Reporting on climate change – overview of our FSB-TCFD reporting

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.

While climate change is not singled out as a separate item in our organizational rules, clear roles and responsibilities, both at the level of the Zurich Board of Directors and Zurich management, ensure effective oversight and action with respect to climate change-related risks. In 2018, we updated our climate risk assessment using the proprietary Total Risk Assessment™ method applied as a primary tool to assess strategic risks throughout the Group. The assessment confirmed that both physical and transition risks remain manageable and foreseeable near-term (less than five years), whereas long-term (five to 10 years) risks remain elevated and are likely to be driven by the physical manifestations of climate change.

In addition, we delivered a multi-stakeholder campaign to raise awareness of the need for customers and companies to build climate resilience. Our report "Managing the impacts of climate change: risk management responses" provided new insights, actions and tools to use.



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 2017](#)
- [Global Risks Report 2019](#)
- [Zurich's role in emerging markets](#)
- [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 \(Annual Report 2018\)](#)
- [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

Principle 1

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

Governance: The way in which Zurich manages ESG issues is embedded in our approach to sustainability. Zurich has a Group-wide sustainability strategy approved by the Executive Committee and the Board. The Executive Committee and the Board 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 environmental, social and governance (ESG) that have a material impact on business strategy, underwriting or business performance.

The Executive Committee reviews Zurich's approach to sustainability and ensures its inclusion in the Group strategy. This committee is accountable for the execution of Zurich's sustainability approach. To ensure the integration of sustainability across our value chain and make sustainability part of how we do business, accountability for delivery of each key area of Zurich's sustainability approach is assigned to the relevant committee member.

The Sustainability Leaders Council (set up by the Executive Committee), leads the ongoing implementation of the sustainability strategy and ensures that Zurich's approach to sustainability is effectively integrated in the

way we do business. Each year all Zurich employees confirm their understanding of and compliance with the Group's code of conduct and internal policies.

Integration in insurance: A company of Zurich's size and influence can make a significant positive contribution to society by proactively working with our customers to identify, assess and mitigate environmental, social and governance risks. Five years ago, we started to use our proprietary risk-profiling methodology 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.

In November 2017 Zurich developed a thermal coal policy, aligned with our position on climate change, that stopped the provision of insurance, investment or risk management services for new thermal coal mines or for potential new clients that derive more than half their revenue from mining thermal coal, and also for utility companies that generate more than half of their energy from coal.

Our ESG product map demonstrates many examples of how our business activities support sustainability, including electric car insurance, renewable energy insurance and a user-friendly online tool to allow people to detect risks to property from floods, landslides, mud and rock slides. Also, together with the Global Road Safety Partnership (GRSP), AXA and Nestlé, Zurich coauthored the report "Insurance Guide on Road Safety."

Zurich's claims philosophy places our customers at the heart of the claims handling process by ensuring we treat them with empathy, by being responsive, proactive and by communicating clearly.

Integration in investments: Zurich proactively integrates ESG factors into the investment process, across asset classes, and alongside traditional financial metrics and state of the art risk management practices. Having exceeded our USD 2 billion green bond target in 2017, Zurich committed to investing up to USD 5 billion in impact investments. At this level, we aim to avoid 5 million tons of CO2 emissions per year, and, separately, believe we can make a positive contribution to the lives and livelihoods of 5 million people.

Principle 2

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

ESG integration in insurance: We work with our customers, brokers and other distribution partners to ensure responsible and sustainable business practices, and to protect reputation, while promoting best practices in managing ESG risks. Our aim is to promote international best-practice standards that help ensure that potentially adverse social, environmental and economic impacts are adequately managed. Our global network of industry experts and experienced risk

engineers help businesses manage their risks and prevent losses more efficiently and effectively.

ESG integration in investments: We are amending legal agreements with our external asset managers on a continuous basis to explicitly require that they apply responsible investment practices; over 87 percent of investments designated to be in scope of our ESG integration approach are now covered by Investment Management Agreements referencing ESG integration.

Sourcing and procurement: Zurich ensures that sustainability is an integral part of its sourcing and procurement function by: incorporating appropriate

evaluation criteria to assess the goods and services we buy; taking into account ESG factors in line with best value and in compliance with relevant legislation; ensuring relevant sustainability clauses are included in contracts with suppliers; developing an understanding of the ESG impacts on diversity of the goods and services we buy; and implementing processes to ensure these factors are taken into account on an ongoing basis.

Industry initiatives: Zurich collaborates with a number of industry initiatives and research bodies relating to responsible investment, flood resilience, road safety and other ESG-related topics.

Principle 3

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

Public policy: Zurich proactively engages with global, regional and local policymakers, governments and opinion leaders. Through this engagement Zurich keeps abreast of policy trends and emerging issues and shares its insurance expertise and insights to contribute to effective policy solutions.

We participate in discussions, workshops and taskforces related to our priority topics, including:

- Different United Nations agencies;
- The Global Resilience Partnership;
- The International Energy Agency;
- The International Finance Corporation;
- The European Commission;
- The Organization for Economic Co-operation and Development (OECD);
- The World Bank;
- The World Economic Forum.

We also engage with national and international agencies such as:

- The UK Department for Energy and Climate Change (DECC);
- The UK Department of Environment, Food and Rural Affairs;
- The International Commission for the Protection of the Rhine (ICPR);
- The Swiss Agency for Development and Cooperation (SDC) as well as its strategic steering committee for the implementation of the UN's Sendai Framework for Disaster Risk Reduction 2015-2030.

We have engaged with several U.S. agencies and organizations:

- The National Association of Insurance Commissioners (NAIC);
- The House of Representatives and the Senate;
- The Department of State; the Council on Environmental Quality (CEQ);
- The Office of Science and Technology Policy (OSTP);
- The Environmental Protection Agency (EPA);
- The National Oceanic and Atmospheric Administration (NOAA);

- The Department of Commerce;
- The Department of Homeland Security.

Research: Zurich works with three research institutions in our Flood Resilience Alliance: The International Institute for Applied Systems Analysis (IIASA), a non-governmental research organization based in Austria; and the London School of Economics and the Institute for Social and Environmental Transition-International (ISET). Zurich also collaborates with a number of industry initiatives and research bodies to advance responsible investment. In addition, we partner with the Oxford Martin School to drive cutting-edge research on agile protection and social protection systems in a digital workplace.

Non-governmental organizations (NGOs) and charitable organizations: Zurich and the Z Zurich Foundation have many long-term alliances with NGOs and charities, especially in the work we do through our flood resilience program and our community investment activities. These organizations include the National Academy of Sciences in the U.S., Concern Worldwide, the International Federation of Red Cross and Red Crescent Societies, Mercy Corps, Plan International, Practical Action and 19 local community organizations through our local grants program.

Principle 4

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

Zurich publishes information regarding environmental, social and governance issues, its approach to sustainability and key performance indicators:

- Sustainability highlights annual report which includes the UN Global Compact communication on progress;
- Zurich's Annual Report and Annual Review;
- RI Transparency report;
- Z Zurich Foundation report;
- Various topic-specific reports;
- Zurich.com/sustainability.

Related links

- [Being a responsible business](#)
- [Working with customers](#)
- [Risk engineering](#)
- [Responsible investment](#)
- [Responsible supply chain](#)
- [Flood resilience](#)
- [Road safety](#)
- [Investing in communities](#)
- [Sustainability reports and publications](#)
- [Investor relations results and reports](#)

Independent Assurance Report on Zurich's Sustainability Reporting to the Executive Committee

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 and its consolidated subsidiaries ('ZIG') for the year ended 31 December 2018.

Scope and Subject matter

Our limited assurance engagement focused on selected sustainability indicators published in the Sustainability Highlights 2018 Report of ZIG:

- a) The 2018 "Responsible investment" KPIs on pages 15 and 16, the 2017 "Impact of real estate investment" KPIs on page 16, the 2018 "People" KPIs on page 18, the 2018 "Community investment" KPIs on page 25 and the 2017 "CO2 emissions per employee" KPIs on page 26 ("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 Responsibilities

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 Responsibilities

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 on 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 Control

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 behavior.

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 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, Chile, Australia and Malaysia.
- 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, 28 February 2019

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 and 8 to 15; SR 10 to 12
102-3	Location of headquarters	AR ifc
102-4	Location of operations	AR 13, 256 and 269 to 273
102-5	Ownership and legal form	AR 176 and 285
102-6	Markets served	
102-7	Scale of the organization	AR ifc
102-8	Information on employees and other workers	AR 16 to 17 and 23
102-9	Supply chain	SR 13; CDP
102-10	Significant changes to the organization and its supply chain	AR 5 to 6, 10 to 11 and 163
102-11	Precautionary principle or approach	AR inside back cover
102-12	External initiatives	AR 14 to 21; SR 9, 29 and 30
102-13	Membership of associations	CDP
102-14	Statement from senior decision-maker	AR 2 to 6, 30 to 31, 78 to 79, 118 to 119, 152 to 153 and 164 to 165; SR 5
102-15	Key impacts, risks, and opportunities	AR 10 to 11 and 118 to 119; CDP; SR 6 to 8
102-16	Values, principles, standards, and norms of behavior	AR 6 to 7 and 12 to 13
102-17	Mechanisms for advice and concerns about ethics	AR 76
102-18	Governance structure	AR 33 to 35; SR 9; CDP
102-19	Delegating authority	SR 9; CDP

Key:

AR: Annual Report 2018

SR: Sustainability highlights 2018

CDP: CDP submission 2018

 [Link to www.zurich.com](http://www.zurich.com)

*The Sustainability highlights 2018 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
General disclosures (continued)		
102-20	Executive-level responsibility for economic, environmental, and social topics	AR 53; SR 9
102-21	Consulting stakeholders on economic, environmental, and social topics	SR 6 and 7
102-22	Composition of the highest governance body and its committees	AR 42 to 58
102-23	Chair of the highest governance body	AR 30 to 31 and 44; SR 9
102-24	Nominating and selecting the highest governance body	AR 44
102-25	Conflicts of interest	AR 49 and 72 to 76
102-26	Role of highest governance body in setting purpose, values, and strategy	AR 57
102-27	Collective knowledge of highest governance body	AR 57
102-28	Evaluating the highest governance body's performance	AR 51 to 52
102-29	Identifying and managing economic, environmental, and social impacts	AR 56
102-30	Effectiveness of risk management processes	AR 147
102-31	Review of economic, environmental, and social topics	
102-32	Highest governance body's role in sustainability reporting	CDP
102-33	Communicating critical concerns	AR 65; CDP
102-35	Remuneration policies	AR 85 to 86
102-36	Process for determining remuneration	AR 90 to 98
102-37	Stakeholders' involvement in remuneration	AR 85 and 89
102-40	List of stakeholder groups	AR 9; SR 6; CDP
102-41	Collective bargaining agreements	
102-42	Identifying and selecting stakeholders	SR 6
102-43	Approach to stakeholder engagement	AR 8 to 9; SR 6

Number	Disclosure name	Reference and page number
General disclosures (continued)		
102-44	Key topics and concerns raised	SR 6 and 7
102-45	Entities included in the consolidated financial statements	AR 269 to 273
102-46	Defining report content and topic boundaries	AR 176 to 180 and 285
102-47	List of material topics	SR 6 to 8
102-48	Restatements of information	AR 177
102-49	Changes in reporting	AR 178 to 180
102-50	Reporting period	AR 176 to 177 and 285
102-51	Date of most recent report	SR 1; CDP
102-52	Reporting cycle	AR 167; SR 4; CDP
102-53	Contact point for questions regarding the report	AR 300
102-55	GRI content index	AR 25 to 26; SR 35
102-56	External assurance	AR 27, 73 to 74, 114, 276 to 281 and 292 to 296; SR 33
Management approach		
103-1	Explanation of the material topic and its boundary	SR 6 to 8
103-3	Evaluation of the management approach	AR 57; SR 6 to 8
Economic performance		
201-1	Direct economic value generated and distributed	AR 167 to 175
201-2	Financial implications and other risks and opportunities due to climate change	AR 149; CDP
201-3	Defined benefit plan obligations and other retirement plans	AR 228 to 235
201-4	Financial assistance received from government	AR 220
Indirect economic impacts		
203-1	Infrastructure investments and services supported	SR 15 and 21 to 23; CDP
203-2	Significant indirect economic impacts	SR 12, 21, 22 and 25; CDP

Key: **AR:** Annual Report 2018 **SR:** Sustainability highlights 2018
CDP: CDP submission 2018  Link to www.zurich.com

*The Sustainability highlights 2018 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
Materials		
301-2	Recycled input materials used	
Energy		
302-1	Energy consumption within the organization	CDP
302-3	Energy intensity	CDP
302-4	Reduction of energy consumption	SR 26 to 27; CDP
Emissions		
305-1	Direct (Scope 1) GHG emissions	AR 1 and 24; SR 26; CDP
305-2	Energy indirect (Scope 2) GHG emissions	CDP
305-3	Other indirect (Scope 3) GHG emissions	CDP
305-4	GHG emissions intensity	CDP
305-5	Reduction of GHG emissions	SR 26; CDP
Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	CDP
Employment		
401-1	New employee hires and employee turnover	AR 23; SR 18
Occupational health and safety		
403-1	Occupational health and safety management system	SR 20
403-6	Promotion of worker health	SR 19 to 20
Diversity and equal opportunity		
405-1	Diversity of governance bodies and employees	AR 45
Public policy		
415-1	Political contributions	

Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors,

particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to 'Farmers Exchanges' mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of

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It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent advisor.

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