ZURICH

Stand-alone

Sustainability report

The sustainability report is part of the Annual Report 2023 of Zurich Insurance Group[1]. This document only includes the sustainability report for reasons of convenience, as the main part of the index tables presented on this webpage are covered in this part of the Annual Report.

Please note that the page numbers in this document align with the overall Annual Report, with the sustainability report starting as of page 116. The complete Annual Report is disclosed on our website and can be consulted via the following webpage: www.zurich.com/investor-relations/results-and-reports

1 Comprising Zurich Insurance Group Ltd and its subsidiaries.

Zurich Insurance Group

Executive message on sustainability

We focus on sustainability as an important part of our business strategy.

Dear Shareholder,

At Zurich, many decisions are driven by our ambition to become more sustainable every year, prompted by customer expectations and a growing demand for social and environmental engagement. Our shareholders also take sustainability seriously, requiring us to deliver growth and profits all the while advancing our sustainability priorities.

That's why we continue to focus on sustainability as a vital part of our business strategy.

During the 2023-2025 financial cycle, we will be accelerating innovation in products and services offered to customers, and delivering on our sustainability targets in the areas of Planet, Customers and People.

Planet Sustainability

By Planet Sustainability, we mean our focus on achieving net-zero outcomes. A low-carbon economy will positively impact climate and society. Reducing emissions lies at the heart of our efforts.

As an investor, since 2019, we have achieved a reduction in emission intensity of 43 percent. Zurich's absolute financed emissions declined over the same period by 52 percent, mainly driven by portfolio activities and structural emission reductions of our investee companies.

In 2023, our impact investing portfolio of USD 7.9 billion helped avoid a total of 4.5 million metric tons of CO2e emissions and benefited 4.6 million people.

Besides our focus as an investor, we also work with suppliers who share our values, outlined in our supplier code of conduct. As of the end of 2023, 52.1 percent of our procurement spend[1] was with suppliers that have set science-based emission reduction targets and 49.4 percent of our spend was with suppliers who have set net-zero targets.

1 Managed procurement spend (MPS) is the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function according to the 2022 baseline on goods and services that are required to enable Zurich to maintain and develop its operations, excluding suppliers no longer active in 2023.

Executive message on sustainability (continued)

Customer Sustainability

To meet our customers' changing needs, we are constantly growing our range of sustainable products and services. They are designed to support activities that generate a positive environmental or social impact and contribute to the mitigation of climate risks.

These sustainable solutions, which include insurance products, add-on coverages, investment products and services, generated USD 1,360 million in revenues during 2023 (USD 801 million in 2022).

In 2023, Zurich Resilience Solutions expanded our Climate Resilience offering and we introduced two additional Carbon Neutral Funds to complement the Zurich Carbon Neutral World Equity Fund. Meanwhile, Zurich Global Ventures, which offers solutions such as LiveWell, invested in BOXX, a cyber-security company aiming to make the digital world a safer place.

We are determined to handle customer data responsibly as gaining and retaining customer trust is a critical part of how we do business. In 2023, we strengthened our privacy management capabilities and further deployed Artificial Intelligence (AI) to improve customer service, while mitigating risks through our own AI Assurance Framework.

People Sustainability

Our focus on People Sustainability reflects our aim to actively support our people to remain employable for the long-term, while addressing customer and societal needs. At Zurich, we provide employees with a range of opportunities to grow and to develop their skills and careers. We also support employees to protect their physical, mental, financial and social wellbeing. In 2023, we received a number of awards and certifications across the Group, recognizing our commitment to diversity, equity, inclusion and belonging.

Sustainability is an integral part of our value system and we are committed to making our own business more resilient as well as helping our customers prepare for the future. There's always more we can do and our Sustainability Framework will continue to evolve.

In this report, we share the progress we have made in 2023 across our Planet, Customer and People focus areas, detailing both our quantitative targets and our qualitative ambitions.

Alison Martin
CEO EMEA (Europe, Middle East & Africa)
and Bank Distribution

Sustainability performance highlights 2023[1]

USD 1,360m
revenues from sustainable solutions[2]

43%
reduced intensity in financed corporate CO_2e emissions[3]

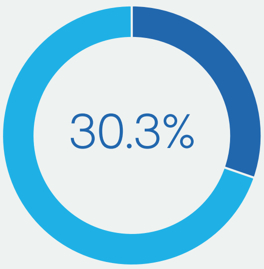
4.5m
metric tons CO_2e avoided through climate-related impact investments[5]

USD 9,272m
investments in climate solutions

66%
reduction in CO_2e emissions from our own operations[4]

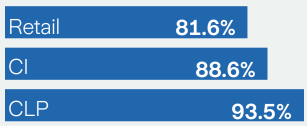
Supplier Engagement Leader
recognized as one of only five insurance companies by CDP[6]

Females in senior management[7]



73.4%
internal hire ratio[8]

High customer retention[9]



4.3-point
increase in our overall transactional Net Promoter System (tNPS) score[10]

USD 49.6m
donated via the Z Zurich Foundation[11]

1 Please note that parentheses around percentages or points indicate a reduction.
2 Based on our internal definition.
3 Compared to our 2019 baseline.
4 Compared to our 2019 baseline. Cover-More, Farmers Group, Inc. and its subsidiaries, joint ventures and third party vendors are out of scope.
5 Achieved through our impact investment portfolio of USD 7.9 billion.
6 CDP recognizes us among the top 8 percent of companies for supplier engagement on climate change. CDP is a not-for-profit charity that runs the global disclosure system for individuals and organizations to manage their environmental impacts.
7 Senior management represents the combination of career levels D and E.
8 As of 2023, we included Farmers Group, Inc. and Cover-More and have evolved the definition of this metric to include internal career opportunities generated for entry-level roles (career level A), international moves, re-hires, and changes in employment types from temporary to permanent. Entry-level roles (career level A) remain excluded from 'external hires' as these positions are, by nature, filled by external career starters.
9 Customer retention rate for Retail & CLP business, premium retention rate for CI business.
10 tNPS is a specific indicator that is calculated as part of the NPS program – with NPS being the global best practice standard for customer experience measurement.
11 The Z Zurich Foundation is a Swiss-based charitable foundation established by members of the Group. It is the main vehicle by which we deliver on our global community investment strategy.

Sustainability report 2023

Contents

1. Introduction

Introduction:

Sustainability is a long-term endeavor.

As an insurer, trust is vital to our success, built through doing the right things in the right way and being open about the impacts of our actions. We[1] continue to embed sustainability across our business through accountable, transparent, measurable initiatives and incentivize sustainable actions alongside financial performance. One of the ways we demonstrate that is with the inclusion of sustainability targets in management target cards and variable remuneration for the Group's senior positions, including the Executive Committee (ExCo).

> Sustainability is key to our continued long-term success. We have set ourselves ambitious targets and are making tangible progress. Measuring and transparently reporting on our progress against these targets demonstrates our commitment to being a responsible business and creating long-term value for all the stakeholders.
>
> **George Quinn**
> Group Chief Financial Officer

On reporting, we strongly believe in the need to disclose clear, comprehensive, and high-quality information on our performance against key sustainability indicators,[2] and have called for harmonization and rationalization of sustainability reporting frameworks. 2023 has seen significant developments in this area, moving from industry-led voluntary initiatives to more standardized frameworks, regulatory requirements and governmental actions. The implementation of new legal requirements in Switzerland under the Swiss Code of Obligations and the publication of the IFRS S1 and S2 standards by the International Sustainability Standards Board (ISSB) are noteworthy milestones. Additionally, the European Sustainability Reporting Standards (ESRS) as part of the EU Corporate Sustainability Reporting Directive (CSRD) will impact some entities within our Group from 2024.

While these are welcome developments, the challenge now is to ensure interoperability between different standards in various jurisdictions and crucially for companies to strike a balance between resources allocated to reporting and taking concrete actions towards sustainability. Reporting can be a valuable catalyst, but it is the synergy between reporting and action that paves the way for a sustainable future, where transparency fuels progress and tangible results become evident. For that, we continue to be guided by our refreshed Sustainability Framework[3] focussed on our customers, our planet and its people as the cornerstones to build a resilient organization that responds to the needs of our time.

Figure 1
Sustainability Framework

1 Comprising Zurich Insurance Group Ltd and its subsidiaries, the Group or Zurich.
2 www.zurich.com/sustainability/reporting/sustainability-report
3 www.zurich.com/sustainability/strategy-and-governance/strategy

1. Introduction (continued)

Selected 2023 sustainability highlights

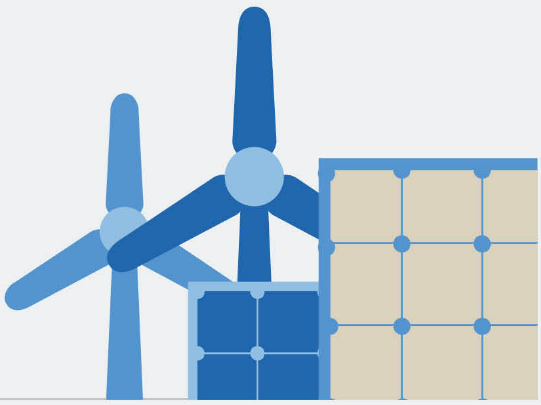
We highlight some of the sustainability actions and outcomes that we have accomplished in 2023.

Confirmation on the resilience of our strategy

We perform our portfolio level scenario-based climate risk analysis on our business, focusing on our underwriting, investments and operations. In line with previous cycles, analysis outcomes suggest that our customer-focused approach and diversified portfolios, supported by strong risk management practices, continue to provide the resilience and flexibility necessary to be able to adapt to the climate change impacts observed. The outcomes of these analyses are used to determine appropriate responses and confirm the resilience of our strategy.

A focus on our climate resilience offering

In 2023, Zurich Resilience Solutions (ZRS) expanded the reach of its Climate Resilience offering and started a collaboration with KPMG to offer advisory services to address physical and transition risks, associated with climate change.[1] In Germany we published an entrepreneur's guide for the installation of photovoltaics systems. The German government's new solar package is designed to accelerate the expansion of photovoltaics. To support customers from mid-sized companies and small businesses with this 'energy transition on the roof', the ZRS team in Germany has published a white paper to help risk managers identify potential hazards and take precautionary measures.[2] ZRS provides risk assessment services, plans review services and recommendations for risk improvement for the customer to achieve a "risk neutral" exposure.



1 This advisory service builds on more than a decade's experience in Zurich's natural hazards assessment methodology, expanding to climate change and addressing needs beyond immediate insurance requirements.
2 www.newsroom.zurich.de/documents/white-paper-photovoltaik-anlagen-434350

Endorsing proposals from shareholders – our voting

During AGM Season 2023, we analyzed and voted on more than 50 climate-related proposals submitted to shareholder votes, endorsing proposals driving sustainable practices and reducing carbon emissions. For instance, we used our proxy voting rights during the Annual General Meeting (AGM) of a major fossil fuel production company to extend our support to a shareholder proposal demanding the establishment of Scope 3 targets. This proposal stressed the critical necessity for the energy company to implement a medium-term emission reduction target specifically addressing greenhouse gas emissions stemming from the utilization of its energy products.

1. Introduction (continued)

Selected 2023 sustainability highlights (continued)

Including non-financial targets in Executive incentive plans

Entering our new 2023-2025 financial cycle, our long-term incentive plan (LTIP) includes, besides other factors, operational CO2e emissions showing the importance which we place on non-financial targets.

Achieving recognition with Supply Chain Engagement Leader status

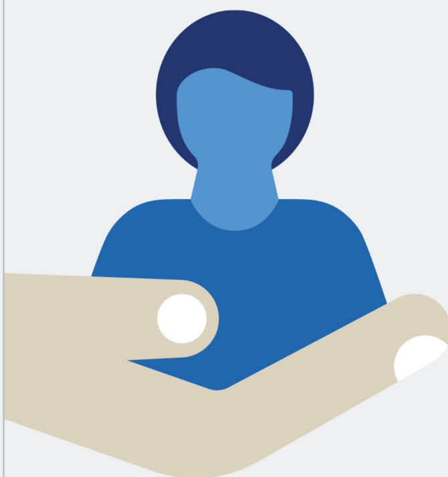
Our engagement towards sustainability within the supply chain has been recognized as we were one of only five insurance companies to be recognized with Supply Chain Engagement Leader status by CDP.[2] CDP recognizes us among the top 8 percent of companies for supplier engagement on climate change.

Providing new opportunities to our people

Our focus on providing new opportunities and development areas for our people is part of prioritizing internal hires. For example, Zurich Santander[1] launched a new Talent Acquisition Hub in 2023. The Hub focuses on making it easier for employees to move to new roles internally as part of their personal development and growth ambitions. This is possible thanks to a continuous effort in communication, both from our internal channels like intranet, mailbox and periodic talent newsletter, but also through communication between HR teams and managers.

Broadening the support to our customers

During 2023 we increased the number of hubs authorized to write renewable energy from four to ten. Each hub supports renewable energy customers based on local market requirements and bundles the required underwriting expertise. To broaden the support we can provide to our customers, we also introduced a new offshore wind proposition. We continue to upskill and cross train underwriters and recruit additional expertise as needed, including a green graduate program to further build our talent pipeline.



1 A joint venture between Zurich Insurance Group and Banco Santander.
2 CDP is a not-for-profit charity that runs the global disclosure system for individuals and organizations to manage their environmental impacts.

1. Introduction (continued)

Basis for presentation

The sustainability report is based on good practices, emerging regulations, standards and reporting frameworks, providing insights into the most material topics for our business and stakeholders. In 2023, we are reporting on the requirements from the Swiss Code of Obligations for the first time and continue to disclose on existing frameworks, including the Task Force on Climate-related Financial Disclosure (TCFD), the 21 core World Economic Forum (WEF) Stakeholder Capitalism Metrics, and the Sustainability Accounting Standards Board (SASB) standards for the insurance industry. The report adheres to the 'disclose or explain' approach, presenting all significant indicators directly in the sustainability report, labeled by the corresponding sustainability focus areas and reporting standard.

This year's report includes enhancements such as improved reporting on employee-led fundraising and volunteering, updates on progress towards sustainability targets, and a new section on respecting human rights.

The report covers data from January 1 to December 31, 2023, unless stated otherwise, with some data collected and reported earlier in the year. Where data is extrapolated to produce an annualized view (based on Group's internal methodology), this is indicated by footnotes in the respective tables. We provide detailed index tables[1] related to SASB, WEF and the planet chapter, on our website along with references to GRI. In addition we showcase our position against Bloomberg's Gender Equality Index in the respective index table, newly added. Lastly on the same webpage we include a link to our key metrics from the sustainability report.

Indicators discussed in this report are labeled to identify the sustainability focus area and framework or standard to which the reporting is linked. Please note that indicators might impact several areas across environment, social and governance. In this case, we highlight the most relevant impact area or areas as in some cases more than one of the impact areas will have the same level of importance and relevance.

Legend of icons used

External frameworks and our standards					Impact area		
TCFD	WEF IBC	SASB	Global Reporting Initiative	Zurich Sustainability Framework	Environmental impact	Social impact	Governance impact

The release of the reporting requirements from the International Sustainable Standards Board in 2023, which built on the Task Force for Climate-related Financial Disclosures (TCFD), and industry-based SASB Standards, as well as the World Economic Forum's Stakeholder Capitalism Metrics, means we have started reviewing how our own sustainability report will change.

1 www.zurich.com/sustainability/reporting/sustainability-report

2. Creating positive impact for stakeholders

2.1 Sustainability is about the way we do business

We believe social responsibility and care for our planet are aligned with shareholders' interests. For us, sustainability is a business opportunity as well as an urgent global imperative. That is why we have integrated sustainability across our business, both globally and locally. We will continue to use the levers we have as a global insurer to make a positive impact in the world. Sustainability is about how we do business.

Sustainability reporting captures our progress toward our qualitative ambitions and quantitative targets. Based on our Sustainability Framework, we cluster our reporting into three main focus areas: Planet, Customers and People reflecting the fact that we aim to achieve outcomes that benefit the planet, customers and people in the long term.

2.1.1 Our purpose

WORLD ECONOMIC FORUM G

Living up to our purpose, create a brighter future together, will strengthen our core business and have a positive impact on our performance as an underwriter, investor and employer. With changing customer expectations and an increasing demand for social and environmental engagement, sustainability is increasingly becoming a driver for value creation. Our purpose inspires us to leverage our business model[1] to scale positive impact for the planet, customers and people, and to build partnerships that can drive transformative change.

2.1.2 Assessing materiality

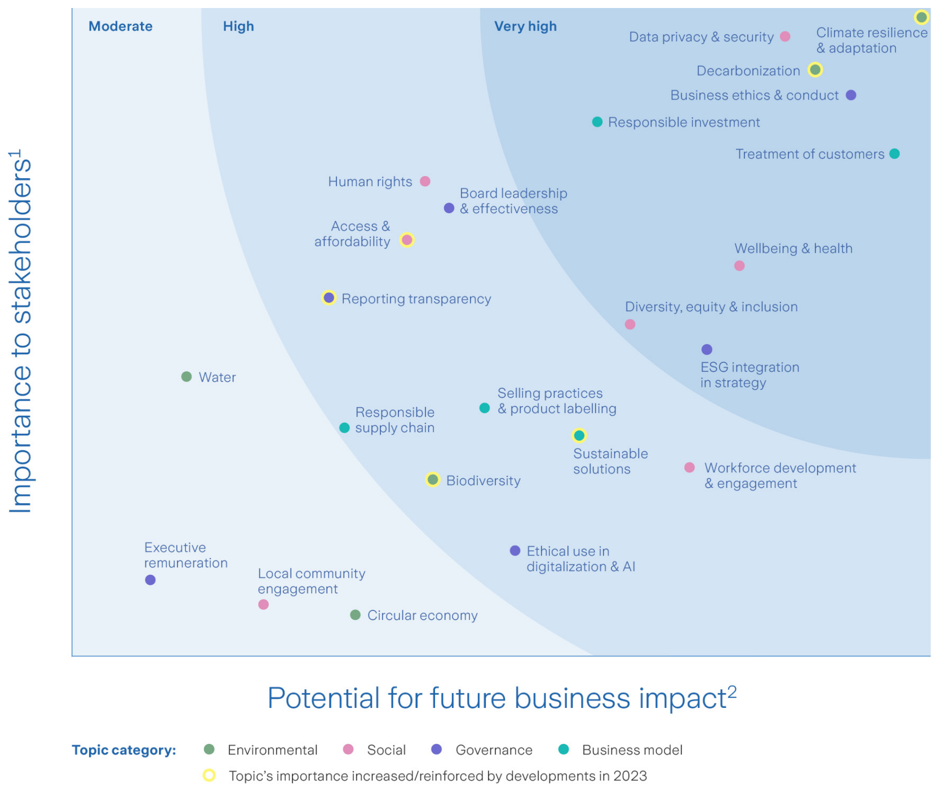
WORLD ECONOMIC FORUM G

As the field of sustainability continues to evolve rapidly, we strive to have a clear view on our most material issues going forward and a deeper understanding of their risks and opportunities. Therefore, we conduct a full materiality assessment every three years ahead of the next financial cycle.[2] To ensure the ongoing relevance of our materiality matrix in years where we do not do a full data-driven update, we undergo a yearly qualitative review together with our Sustainability Leaders Council[3] to determine how some issues may be becoming more important. This enables us to better inform how to adjust our Group-wide approach given the rapid evolving nature of sustainability issues.

These materiality results were critical inputs for refreshing our Sustainability Framework, including numerous strategic foresight interviews with key leaders across the organization that helped translate specific materiality issues into the priorities and targets underpinning our overall approach to sustainability.

Figure 2
Materiality matrix 2023

Our materiality matrix including highlighted topics seen as more important developments in 2023



1 External view (2022) based on stakeholders' expectations for Zurich and their own perceived importance of the topic.
2 Internal view (2022) based on surveys and interviews with Zurich leaders and employees.

1 For more information on our business model, please refer to the Group overview on page 12.
2 The last full materiality assessment was conducted in 2022. For more information about the process of our robust data-driven materiality assessment, please visit www.zurich.com/en/sustainability/strategy-and-governance/strategy
3 Read more about our governance framework on pages 135 to 136.

2. Creating positive impact for stakeholders (continued)

2.1.2 Assessing materiality (continued)

Confirmation of the material topics throughout the 2023 qualitative materiality assessment review.

The table below highlights existing material issues that were reinforced by external developments in 2023.

Climate Resilience & Adaptation

Topic definition: Responding to the physical impacts of climate change through actions that build systemic resilience and effective adaptation of our business model and the companies and communities we serve.

Summary of key 2023 developments :

- Severe heatwaves and historical flooding seen throughout 2023 cemented climate adaptation and resilience as critically important for countries, companies, cities, and individuals - especially as ongoing emissions will continue to accelerate climate change and its physical impacts for decades.

Read more about our climate resilience:
▶ 4. Our planet: Drive positive impact, pages 137 to 179.
▶ Our Climate Resilience offering, page 185.

Decarbonization

Topic definition: Reducing greenhouse gas emissions across all economic sectors in line with the Paris Agreement.

Summary of key 2023 developments:

- Financial services companies have a considerable impact on the way to net-zero by supporting customers on their transition journeys through evolving products and engaging them clearly and effectively on their plans to transition.
- The need for robust transition planning grew significantly in 2023, with many European regulators adopting climate transition plan disclosure as mandatory already for FY2024 and already by the end of 2023 for UK financial institutions and listed companies.
- Rising climate risk awareness of society, investor demand, regulatory pressure, and climate litigation are set against a marked increase in ESG backlash and geopolitical volatility. Both these competing forces result in the topic gaining importance.

Read more about our commitment to net-zero and our targets:
▶ 4.4.1 Our targets, pages 164 to 165.

2. Creating positive impact for stakeholders (continued)

2.1.2 Assessing materiality (continued)

Topics confirmed to be of growing importance during the 2023 qualitative materiality assessment review

The table below highlights topics increasing in importance for Zurich during 2023.

Sustainable Solutions

Topic definition: Insurance products, add-on coverage, investment products and advisory services designed or adapted to support activities that generate positive environmental or social impacts and contribute to mitigating climate risks for our customers.

Summary of key 2023 developments:

- Zurich's refreshed sustainability framework launched in 2023, placed a clear strategic emphasis on growing revenue from sustainable solutions, making it a priority and opportunity for Zurich's business units.
- More people and companies are asking how can an insurer actively contribute to sustainability and/or mitigating the climate crisis. Therefore, services that support a more sustainable life and/or more sustainable business are increasingly coming into focus and will likely contribute to customer growth and retention in an increasing number of markets.

Read more about our sustainable solutions:
▶ 5.1 Customer experience and customer-centric solutions, pages 181 to 186.

Nature & Biodiversity

Topic definition: Preservation and regeneration of nature to ensure well-functioning ecosystem services that underpin the natural capital that all economies depend on.

Summary of key 2023 developments:

- The recognition of the importance of nature & biodiversity has gained significantly in acceptance across society, the scientific community, and increasingly businesses, in particular after the adoption of the Kunming-Montreal Global Biodiversity Framework.
- The release of the recommendations of the Taskforce on Nature related Financial Disclosures (TNFD) represents a significant milestone in facilitating delivery of the Global Biodiversity Framework.

Reporting Transparency

Topic definition: Regular reporting to all stakeholders on sustainability performance and execution of strategy in line with regulatory requirements and recognized frameworks.

Summary of key 2023 developments:

- Numerous regulators across our key markets are in the process of implementing large and complex reporting requirements related to disclosure and due diligence of sustainability-related topics across a company's value chain, significantly increasing the external reporting expectations and auditability of a growing number of non-financial KPIs.
- Similarly, greenwashing regulations are triggering more allegations and penalties for companies, therefore accurate disclosure of environmental performance is more important than ever to get right. Increased scrutiny is creating potential for reputational impacts and even extends beyond the typical boundaries of a company to its value chain partners.

Read more about our approach to sustainability reporting:
▶ 1. Introduction, pages 119 to 122.

Access & Affordability

Topic definition: Enhancing financial inclusion of society by offering fairly-priced and effective products and solutions that are easily accessible and target a wide audience in order to help close protection gaps.

Summary of key 2023 developments:

- Structural changes to the typical employee-employer relationship are quickly evolving with e.g., workers compensation solutions and hybrid work becoming an increasing proportion of the workforce, creating new risks and opportunities for adapting traditional social safety nets to expand access and relevance of insurance.
- Inflation pressures have been driving challenges to the affordability of insurance due to the cost-of-living crisis in many countries and the underlying inflation of the goods and assets covered by our claims payouts.

Read more about our approach to developing innovative solutions enhancing resilience for our customers:
▶ 5.1.2 Innovating for our customers, page 185.

2. Creating positive impact for stakeholders (continued)

2.1.3 Our refreshed Sustainability Framework

We have been working to integrate sustainability across our strategy, both globally and locally for many years. In 2023, we refreshed our strategic Sustainability Framework for the current financial cycle. It builds on our progress to date and aims to meet the current and future needs of our stakeholders. As an advocate, adviser and role model, we want to empower individuals and organizations to act today and create a better tomorrow.

Figure 3
Our three focus areas – Planet, Customer and People highlighting our ambitions and targets 2023[1]

Planet: Mitigate and adapt to climate change

- Net-zero operations by 2030, investments and underwriting by 2050
- Interim 2025 target set for operations and investments[2]
- Interim targets for underwriting to be set in 2024

Customer: Support transformation towards a sustainable future.

- Grow sustainable revenue
- Increase impact investments to 5% of invested assets
- Deliver digital sustainability

People: Future proof our people and enable more to thrive

- Increase share of internal hires
- Create values-aligned work environment embracing DEIB[3]
- Support people to protect their physical, mental, financial and social wellbeing

- Planet: We will focus on achieving net-zero outcomes, while also helping to improve the resilience of our planet and society.
- Customers: Working closely with our customers, we will grow solutions that support customers' transition to a net-zero future, while also encouraging people to adopt more sustainable lifestyles, enabling them to thrive today and flourish tomorrow.
- People: As a global employer and provider of protection solutions to millions of people, we are actively supporting our people to remain employable for the long-term, while addressing customer and societal needs.

In practice, these three focus areas are intertwined. For example, our innovative underwriting and claims solutions offer positive results for customers that can also benefit people and the planet.

To bring our sustainability ambitions to life, we will continue to use technology, innovation, learning, partnerships and governance as key enablers of implementation and scaling impact. Every part of our business has a role to play.

1 www.zurich.com/-/media/Project/Zurich/Dotcom/investor-relations/docs/investors/Chairmans-Roadshow-2023.pdf
2 More details in section 2.1.4 Our targets and ambitions on page 127.
3 Diversity, Equity, Inclusion and Belonging, read more in section 6.2.1 Our commitment to diversity, equity, inclusion and belonging.

2. Creating positive impact for stakeholders (continued)

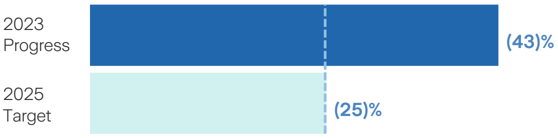
2.1.4 Our targets and ambitions

To execute our refreshed Sustainability Framework, we have set ourselves both qualitative ambitions and quantitative targets[1]. In line with our aim to be transparent, we report yearly on our progress against those ambitions and targets. Please note that parentheses around percentages or points indicate a reduction.

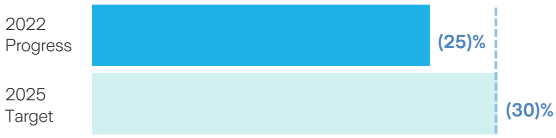
Investment management

Reduction of financed emissions

Reduce emissions intensity of listed equity and corporate bond investments
(metric tons CO2e/USD million invested)
(compared to 2019)



Reduce emissions intensity of direct real estate investments
(kg $CO2e/m^2$)
(compared to 2019)



Engagement

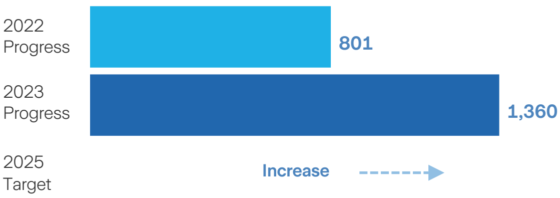
Engage companies producing 65% of portfolio emissions and lacking targets aligned with Paris Agreement (PA)

Impact engagement

Share of total invested assets in impact investments

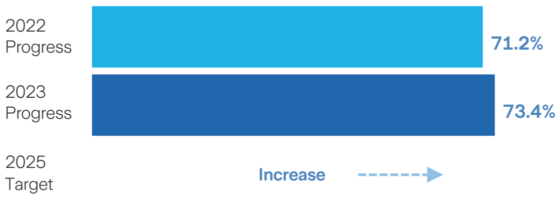
Underwriting

Revenues from sustainable solutions
(in USDm)



Our people

Internal hires[2]



Own operations and supply chain

Absolute reduction in all operational emissions[3, 4]
(compared to 2019)

Reduction of scope 1 and 2 emissions[3]
(compared to 2019)

Reduction of scope 3 emissions[3, 4]
(compared to 2019)

% of MPS[5] that is with suppliers having science-based targets[6, 7]

1 See pages 206 to 207 of the Appendix for more detail on our targets and ambitions.
2 As of 2023, we included Farmers Group, Inc. and Cover-More and have evolved the definition of this metric to include internal career opportunities generated for entry-level roles (career level A), international moves, re-hires, and changes in employment types from temporary to permanent. Entry-level roles (career level A) remain excluded from 'external hires' as these positions are, by nature, filled by external career starters.
3 Cover-More, Farmers Group, Inc. and its subsidiaries, joint ventures and third party vendors are out of scope.
4 Resulting from air, rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impact.
5 Managed procurement spend (MPS) means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations.
6 According to the 2022 baseline of managed procurement spend (MPS), excluding suppliers no longer active in the year of reporting.
7 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions.

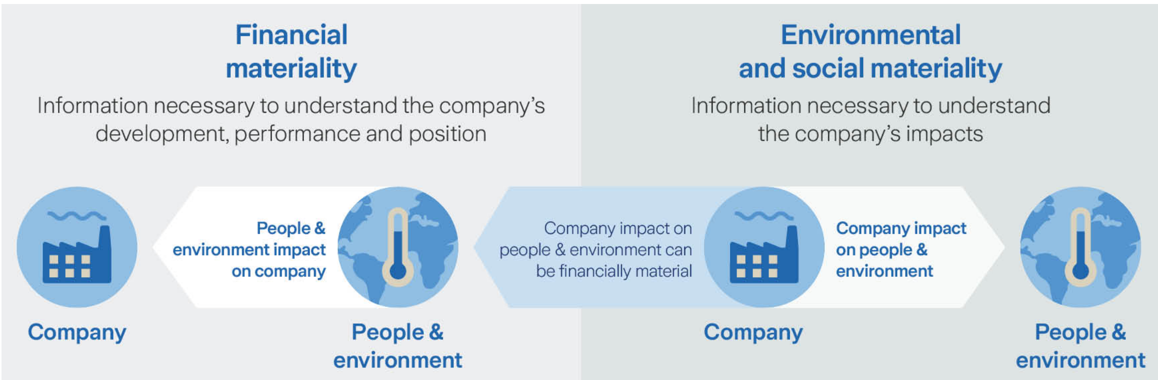
2. Creating positive impact for stakeholders (continued)

2.2 Managing risks and opportunities

Sustainability risks are identified as one of the risk types in Zurich's risk taxonomy[1] and as such are managed under the Zurich's Enterprise Risk Management (ERM) framework, which also supports the identification of potential business opportunities. We define sustainability risks as those risks which arise from events or conditions related to topics or trends relevant to our Sustainability Framework and which adversely impact the achievement of our business strategy or targets.

To carry out effective sustainability risk management, we follow our ERM framework and select different approaches to identify, assess, respond to and report on those risks according to their perspective and time horizon. In terms of perspective, sustainability risks are managed using the concept of "double materiality" (outside-in perspective and inside-out perspective). Regarding time horizon, sustainability risks can be current or emerging, the latter referring to when risk-based strategic insight is required over a time horizon extending beyond the financial cycle. Examples include risks associated with climate change and societal topics, such as human rights (child labor and forced labor) or banned weapons. Sustainability risks are also drivers of other risks in Zurich's risk taxonomy.

Figure 4
Our Enterprise Risk Management (ERM) framework[2]



Enterprise Risk Management (ERM) framework

Following key risk management steps are covered by our ERM framework applied in the context of sustainability risks:

Risk identification and assessment

For each of our Sustainability Framework's focus areas (Planet, Customer and People), we identified the risks and opportunities to set priorities during the current financial cycle. For example, the risks and opportunities associated with the focus area Planet include natural catastrophe modeling to efficiently manage our exposure to physical risks,[3] such as flood, wind storm and wildfires. For transition risks,[4] we monitor loss trends associated with electrical vehicles to reflect appropriate pricing in order to optimize our claims network for emerging technologies.

Emerging sustainability risks are identified and assessed at least annually through the update of the Zurich Emerging Risk Radar. For key risks that extend beyond the financial cycle, scenario analysis highlighting both risks and opportunities is performed. For further information on scenario-based climate risk analysis, see the Planet chapter (pages 145 to 161). The identification and assessment of current sustainability risks is done in line with the Total Risk Profiling™ methodology standard (TRP), which considers the frequency and severity of risks in terms of impact on earnings, capital, reputation and liquidity.

Risk response

For emerging risks, risk response can include sustainability risk positions, which describe Zurich's appetite for a particular sustainability risk. These positions may also trigger the development of new policies (see Group-wide exclusion policies, page 130), guidelines, products and services[5] (for example, enabling our customers to manage their sustainability risks), processes, projects or other management actions depending on the kind of risk response (e.g., risk transfer, risk mitigation or acceptance of the risk).

For current risks, the risk response could entail a new sustainability priority. Another example of a risk response is the ESG integration in our investment management activities. We believe that proactively integrating sustainability risks and opportunities in our investment decisions across asset classes alongside traditional financial metrics and state-of-the-art risk management practices will support us to achieve superior, risk-adjusted and long-term financial returns.

For more information on risk monitoring, please refer to our risk review on page 225.

1 For further information on Zurich's risk taxonomy, see our risk review on pages 233 to 251.
2 The diagram illustrates the double materiality perspective, as introduced by the European Commission in the "Guidelines on reporting climate-related information", https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf
3 To learn more on physical risks, see section 4.1.2 Introduction to climate-related risks, page 139.
4 To learn more on transition risks, see section 4.1.2 Introduction to climate-related risks, page 140.
5 Read more about our sustainable solutions in section 5.1 Customer experience and customer-centric solutions, pages 181 to 186.

2. Creating positive impact for stakeholders (continued)

Risk reporting

Emerging and current sustainability risks are reported internally and externally as required by laws and regulations.

Figure 5

Our Enterprise Risk Management (ERM) framework

Managing sustainability risks in underwriting

We have established an approach to identify and assess the potential impact of sustainability issues in our wider value chain, particularly those that could arise from the activities of our customers. Using our proprietary risk-profiling methodology, we have prioritized key areas of concern on the Group level. This prioritization takes into account our overall Sustainability Framework and the Zurich Code of Conduct.[1]

In addition, we have an underwriting-specific policy in place to avoid being complicit in potential adverse impact on human rights by identifying and excluding customers who have a verified record of human rights violations without evidence of remedial actions, such as the use of forced or compulsory labor or child labor, bribery or corruption.

For projects in mining, oil and gas and hydroelectric dam construction, sectors, which have been identified as carrying particularly high sustainability risks, underwriters have to perform dedicated screening for environmental impacts on protected areas and specific human rights abuses, such as relocation of local communities without due process.

Specifically our policy prohibits us to insure oil and gas drilling and production in the Arctic[2] due to the environmentally sensitive nature of the local ecosystem. Furthermore we do not insure new greenfield oil exploration projects unless meaningful company net-zero transition plans are in place.

1 www.zurich.com/about-us/corporate-governance/code-of-conduct
2 Defined as anything north of 66 degrees latitude with the exception of the Norwegian continental shelf.

2. Creating positive impact for stakeholders (continued)

Group-wide exclusion policies[1]

Banned weapons

We will not enter into new business relationships with companies that produce, stockpile, distribute, market, or sell banned cluster munitions (as defined by the Convention on Cluster Munitions 2010 or the Oslo Convention) or anti-personnel landmines (as defined by the Anti-Personnel Mine Ban Convention 1997 or the Ottawa Treaty).

If we become aware of potential involvement of an existing customer or investee company in such activities, we will engage in dialogue over a maximum period of two years to explain our position on this sustainability issue and expect compliance with the relevant international treaties. During that period, we will neither quote new business nor increase direct investments in the company. We will stop business dealings in a phased way if a customer has not committed to stopping the activity after one year. Business dealings include the provision of insurance products and services and direct investments.

Thermal coal, oil sands and oil shale

The most carbon-intense fossil fuels (thermal coal, oils sands and oil shale) create a particular challenge for global greenhouse gas emissions. That is why we have focused on reducing our exposure to these fossil fuels in particular and therefore will not underwrite or invest in companies that:

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

While the implementation of the policy for our existing portfolio is completed, we continue to screen new clients and investee companies and will only consider new clients or investee companies that are already below those limits or have near-term commitments in place to bring them below the limits.

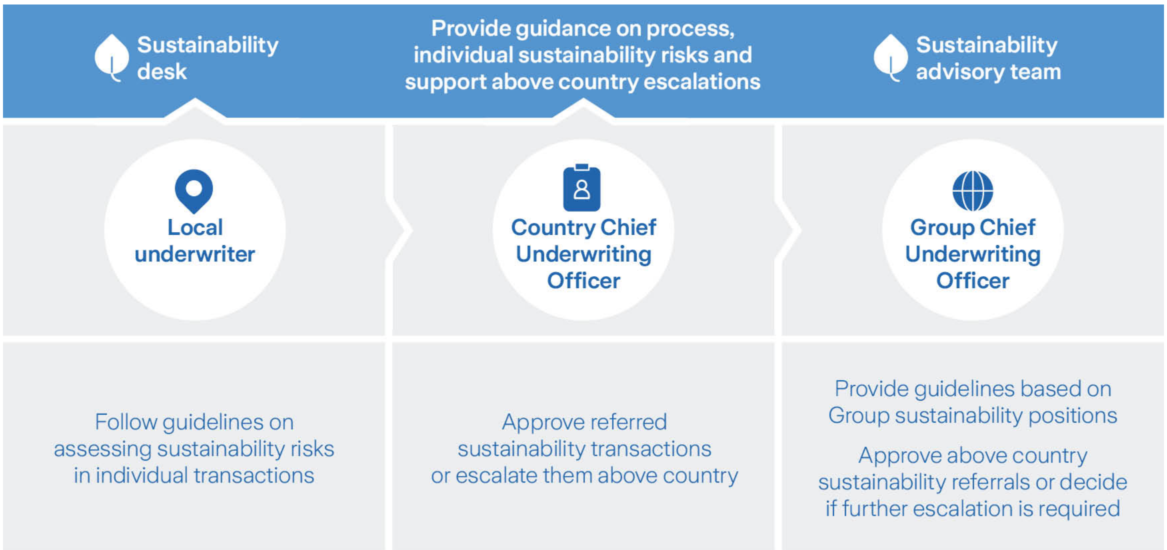
This position does not apply to workers’ compensation, other employee protections, or considerations, which have a positive impact on human health and the environment. It also does not affect green bonds that support the transition. On thermal coal, in our insurance and underwriting and investment management activities, we also engage with companies on the phase out of thermal coal production and use in OECD and EU-27 countries by 2030 and the rest of the world by 2040.[2] In addition we will phase out thermal coal completely from our underwriting portfolio by 2030 in OECD and EU-27 countries and 2040 in the rest of the world.

Our sustainability in business transaction process is embedded in our underwriting process and guidelines. It is also subject to the same governance and assurance procedures as Zurich’s underwriting guidelines to maintain policy documentation and to track process adherence.

1 Both Group-wide exclusion policies are the result of previous assessments and have been in force for several years.
2 For more information, see https://ca1-clm.edcdn.com/assets/report_coal_phase_out_2019.pdf

2. Creating positive impact for stakeholders (continued)

Figure 6
Our process to manage sustainability risks in underwriting



Underwriters are required to perform sustainability assessments where customers are identified as having a high risk of violating one of Zurich's policies, based on company level third-party information and guidance on sensitive industry and country combinations where third-party information is not available.

While these inputs provide the first materiality assessments, decisions on how to proceed with a customer rely on individual assessments by the relevant underwriters, with support from the global Underwriting sustainability desk, if required. These assessments leverage both customer information, such as sustainability reports and policies, as well as external media reporting on negative environmental and human rights-related impacts associated with the customer.

Based on the assessment outcome, the customer will either be cleared for business, restricted for business or, if more information is needed, temporarily cleared under the condition of ongoing engagement. Assessment outcomes are recorded in Zurich's Customer Relationship Management tool to make those decisions available for other underwriters within Zurich working on the same customer.

Sustainability assessments depend on the customer's disclosure of issues or on coverage of sustainability issues through media reporting. New sustainability issues and new relevant information can emerge over time. Sustainability assessments are therefore required for new business but also for existing customers, so potential issues can be addressed as soon as relevant information becomes available.

2.3 Involving our stakeholders

The success of our approach to sustainability greatly depends on the willingness of our stakeholders to be involved in, and contribute to, our ambitions. For further details on our interactions with customers and employees, please see pages 180 to 191 and 192 to 204, respectively. In addition, we strive to involve our investors, suppliers and vendors, as well as the communities in which we operate in diverse ways. We frequently interact with groups such as regulators, NGOs and industry associations.

2.3.1 Investors

A demonstrable commitment to sustainability is of critical importance to many of our investors. We are proactive in developing and communicating our Sustainability Framework, particularly on the topics that are most material to investors, such as climate resilience and adaptation, decarbonization, business ethics and conduct, and Board leadership and effectiveness.

We articulate clear, qualitative ambitions and quantitative targets for each of our three sustainability focus areas (Planet, Customers and People) and report progress towards them on an annual basis.

We engage consistently and openly with investors, analysts, rating agencies and proxy advisors. As part of our outreach, we have established dedicated annual interactions between our Board and investors to explain our approach to sustainability and performance.

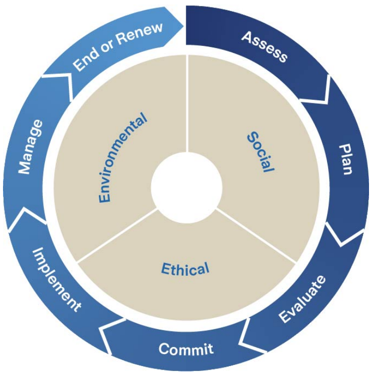
This engagement gives us invaluable insights into investors' rapidly developing expectations and supports the development of our strategy toward a more sustainable future.

2. Creating positive impact for stakeholders (continued)

2.3.2 Supply chain

Due to the nature of our business, we are predominantly a consumer of services. Compared with other industry sectors such as manufacturing, the risks associated with the environmental, social, human rights[1], and governance impact of our supply chain are low. Nonetheless, we are committed to effectively managing such issues. As part of this, we have established a sustainable sourcing program[2], which aims to enhance the resilience of our supply chain, supports our commitment to net-zero and creates a positive social impact.

Figure 7
Sustainable sourcing program



It comprises three pillars, which address environmental, social and ethical factors. Its objective is to embed these factors throughout the sourcing cycle, align suppliers with our values and be transparent about our expectations. We have developed a supplier code of conduct (SCOC)[3] to lay a clear foundation for systematically integrating responsible business conduct in our supply chain and provide online training videos for suppliers to familiarize themselves with our expectations.

We aspire to use our influence as a buyer of goods and services to accelerate the adoption of sustainable business practices among our suppliers by asking them to comply with this code. The SCOC has been integrated into our third-party governance framework (TPGF), which provides a framework of minimum standards that apply to the onboarding and management of third parties with which we work, including suppliers. The TPGF adopts a risk-based approach to establish onboarding and management measures, such as third-party due diligence processes, that are relevant and proportionate to the nature and risk of any particular transaction.

We consider supplier alignment with the SCOC as part of our due diligence processes and request selected suppliers to complete a self-assessment. We review the self-assessment results and internally audit a sample of the responses. As of the end of 2023, we confirmed that 72.2 percent[4] of our managed procurement spend (MPS)[5] is with suppliers that meet or exceed the key expectations of our SCOC, following a self-assessment.

In April 2023, we took a significant step to support our suppliers improve their sustainability performance by publishing tools and resources for suppliers to use within their own businesses. This included a carbon emissions calculator, training videos and policy statement templates. The tools are designed to address common areas in which multiple suppliers fall short of our expectations and support us to drive up supply chain standards. We will continue to work with our suppliers to address these areas in the short to medium term. Where our engagement fails and suppliers cannot or refuse to embed the minimum standards, we will review the relationship and examine appropriate measures, including phasing it out to protect our commitment to doing the right thing.

In 2023, we published a new learning academy for our Procurement & Vendor Management colleagues to ensure they are equipped with the necessary knowledge and skills to successfully engage suppliers on sustainability topics. The content includes internally produced online courses covering climate change, human rights and social procurement. We also published a course covering the supplier due diligence processes (including in relation to human rights) that have been implemented under the TPGF. The completion rate of the supplier due diligence training for calendar year 2023 is 100 percent.

Net-zero supply chain

To complement, our net-zero goals for our own operations, we are looking to our supply chain to set emissions reduction and net-zero targets. Our goal is for 75 percent of our MPS to be with suppliers that have science-based emissions reduction targets by 2025 and net-zero targets by 2030. As of the end of 2023, 52.1 percent[6] of our MPS is with suppliers who have set science-based targets and 49.4 percent[7] of our MPS is with suppliers who have set net-zero targets. We aim to use our influence and press for change, expecting suppliers to set their own targets. **In 2023, we were one of only five insurance companies to be recognized with Supply Chain Engagement Leader status by CDP.[8] CDP recognizes us among the top 8 percent of companies for supplier engagement on climate change.**

2.3.3 Responsible tax

We strive to manage the costs and risks associated with tax for the benefit of our customers, employees, shareholders and for society as a whole. This is reinforced by our ambition to be a responsible corporate citizen in the communities in which we operate.

1 For more information on our commitment to human rights, including human rights due diligence and human rights risk assessment, please see 6.3 Respecting human rights on pages 201 to 203.
2 www.zurich.com/sustainability/planet/sustainable-sourcing
3 www.zurich.com/en/sustainability/governance-and-policies/-/media/project/zurich/dotcom/sustainability/docs/sustainable-sourcing-supplier-code-of-conduct-2021.pdf?v=4
4 According to the 2022 baseline of managed procurement spend, excluding suppliers no longer active in the year of reporting.
5 Managed procurement spend (MPS) means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations.
6 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions.
7 We consider a supplier to have net-zero targets when their net-zero target is approved by the SBTi, a similar scientifically accredited body or otherwise has a public target to neutralize any residual scope 1 and 2 emissions.
8 CDP is a not-for-profit charity that runs the global disclosure system for individuals and organizations to manage their environmental impacts.

2. Creating positive impact for stakeholders (continued)

2.3.3 Responsible tax (continued)

Being a responsible taxpayer is one of the ways we support the economic and societal development of these communities. We consider tax compliance to be a key objective and allocate significant resources to ensure that the tax affairs of the Group are managed in a sustainable, well-governed and transparent manner.

We are subject to tax in countries in which the Group operates according to local laws and regulations. The location of our subsidiaries and branches is driven by business reasons. We do not engage in aggressive tax planning or artificial structuring that has no business purpose or economic substance. In our consolidated financial statements, we only include a small number of companies operating in jurisdictions with low or nil tax rates, all of which are engaged in insurance, reinsurance, and asset management activities. We are committed not to use so-called 'tax havens' or secrecy jurisdictions for tax planning purposes and therefore do not transfer value created elsewhere to non-cooperative jurisdictions.

Our approach to tax is defined through our Group tax strategy,[1] which is guided by the Zurich Code of Conduct[2] and is supervised by the Board and executed by members of the Executive Committee (ExCo).

2.3.4 Community investment

Our community investment activities[3] are mainly delivered through the Z Zurich Foundation (the Foundation), a charitable organization funded by various members of our Group. Its purpose is to create a brighter future for vulnerable people. Its ambition for the past strategic cycle was to positively impact at least 11 million people worldwide by 2024, which was achieved in mid-2023. In 2023, the Foundation celebrated its 50th anniversary, using the occasion to launch its acceleration strategy for the next 12 years. To support this, the Foundation unveiled an initial four-year plan from 2024 to 2027. Over its next strategic cycle, the Foundation has the ambition to create brighter futures and more opportunities for 25 million vulnerable people.

The Foundation's highlights for 2023 include:

– Significant developments of the Foundation's three strategic pillars: 'adapting to climate change', 'improving mental wellbeing' and 'enabling social equity'. The Foundation approved and launched new multi-year programs to assist communities across the globe alongside like-minded organizations such as Junior Achievement in the U.S., ICLEI - Local Governments for Sustainability in Turkey, and the Mental Health Association of Hong Kong.
– Over USD 31.7 million[4] investment in community programming across the Foundation's strategic areas of work. This includes 20 donations to local disaster relief initiatives across the globe. An example are the earthquakes which shook southeastern Turkey and northwestern Syria. In addition to immediate relief efforts, the Foundation has worked with our local team and the charity organizations it already collaborates with in Turkey to address mental wellbeing needs in the mid and long term.
– The presentation of 50 Community Hero Awards to recognize Zurich employees who go the extra mile to support their communities.

Table 1
Employee-led fundraising and volunteering

	2023	2022	Difference
Fundraising and donations (USD millions)[1]	3.0	3.3	(9)%
Total time volunteered by workforce	146,433	123,490	19%
Workforce actively volunteering (% of total headcount)	20%	20%	0%

1 Includes fundraising and donations of our employees but excludes Z Zurich Foundation matching.

2023 was a record year for us in terms of employees volunteering their time. The increase in volunteering was driven by increased employee engagement across all regions. In 2022, a significant amount of employee donations were driven to the Foundation's specific appeal to assist people affected by the situation in Ukraine. As of 2023, we closed the time gap on reporting employee-led fundraising and volunteering numbers. Last year, we reported these numbers with a year's delay i.e., for 2021 but we are now able to report on 2023 together with the previous year's figures.

While the Foundation is the main vehicle by which we deliver on our global community investment strategy, our local business units also drive community support actions and actively engage with charity organizations to address local needs and priorities.

1 To find out more about our Group tax strategy, please visit www.zurich.com/en/sustainability/strategy-and-governance/policies-and-frameworks/being-a-responsible-taxpayer
2 www.zurich.com/about-us/corporate-governance/code-of-conduct
3 Our Group and employees contribute through fundraising, volunteering and cash contributions whereas the Foundation carries out community investment activities.
4 The final and audited 2023 figures will be disclosed in the Foundation's Impact Report, which will be published in June 2024. To find out more about the Foundation's work in 2023, please refer to the Group overview on pages 27 to 29 or see www.zurich.com/sustainability/highlights-2023

2. Creating positive impact for stakeholders (continued)

2.3.4 Community investment (continued)

Table 2

Charitable cash contributions

	2023	2022	Difference
Charitable cash contributions by Zurich business units[1]	17.8	29.2	(39)%
Charitable cash contributions by Zurich to Z Zurich Foundation[2]	49.6	41.5	19%

1 Charitable cash contributions capture contributions from our business units to charitable initiatives and organizations, excluding the Foundation. It is at the discretion of the individual business units to define what they deem eligible in their respective context. As such there are no limitation or exclusion (e.g., religious or political purposes) as there are for contributions executed by the Foundation.
2 Charitable cash contributions capture our contributions to the Foundation. The donations are made by various members of our Group.

The decrease in charitable contributions by our business units to charitable initiatives and organizations in 2023 compared with 2022 is mainly explained by a one-off donation of USD 10 million to the Zurich Forest Project[1] in 2022. We have decided to increase our financial support to the Foundation in order that it can adapt its response to those most in need in our societies, as those needs have grown significantly across all three of the Foundation's focus areas in 2023. The rise in our contributions is reinforced by foreign exchange rate effects due to the strengthening of the Swiss franc against the U.S. dollar in 2023.

1 www.zurich.com/en/about-us/sponsorship/zurich-forest

3. Governance: Sustainability is embedded in our governance framework

Governance:
Sustainability is embedded in our governance framework.

The Board of Zurich Insurance Group Ltd has ultimate responsibility for the success of the Group, for delivering long-term sustainable value within a framework of effective controls. It sets our values and standards. As part of its strategic responsibility, the Board approves our sustainability strategy and objectives, including non-financial targets with a material impact on the company or the Group. It is supported by its Board Committees within their respective core mandates:

- The Governance, Nominations and Sustainability Committee (GNSC) recommends the sustainability strategy and objectives, reviews the transition plan and exercises oversight on sustainability-related matters.
- The Audit Committee provides oversight on sustainability reporting.
- The Risk and Investment Committee provides oversight of risks (including sustainability risks).
- The Remuneration Committee evaluates the remuneration architecture, including incentive plans which are linked to appropriate performance criteria supporting the execution of the strategy.

> Sustainability is simply about how we do business. We believe social responsibility and care for our planet are aligned with shareholders' interests.

Katja Roth Pellanda
Group General Counsel

Individual performance of the ExCo members for the 2023 short-term incentive plan (STIP) awards is assessed against financial and non-financial targets. The non-financial targets relate to customers and employees. In addition, consideration is given to execution against strategic priorities, including ESG factors and a risk-based review, to determine the final individual performance assessment outcome.

The Group's long-term incentive plan (LTIP) is used for a defined group of the most senior positions, including the ExCo. For the 2023-2025 financial cycle, the metrics include the relative total shareholder return position, average business operating profit after tax return on equity, cumulative net cash remittances, as well as operational CO2e emissions.

Read more on the remuneration of the ExCo in the remuneration report:
▶ Pages 97 to 105

The members of the Board receive fixed remuneration as an annual fee, of which half of the basic fee is paid in cash and half in five-year sales-restricted shares which are not subject to the achievement of any specific performance conditions.

Read more on Board fees in the remuneration report:
▶ Pages 93 to 97

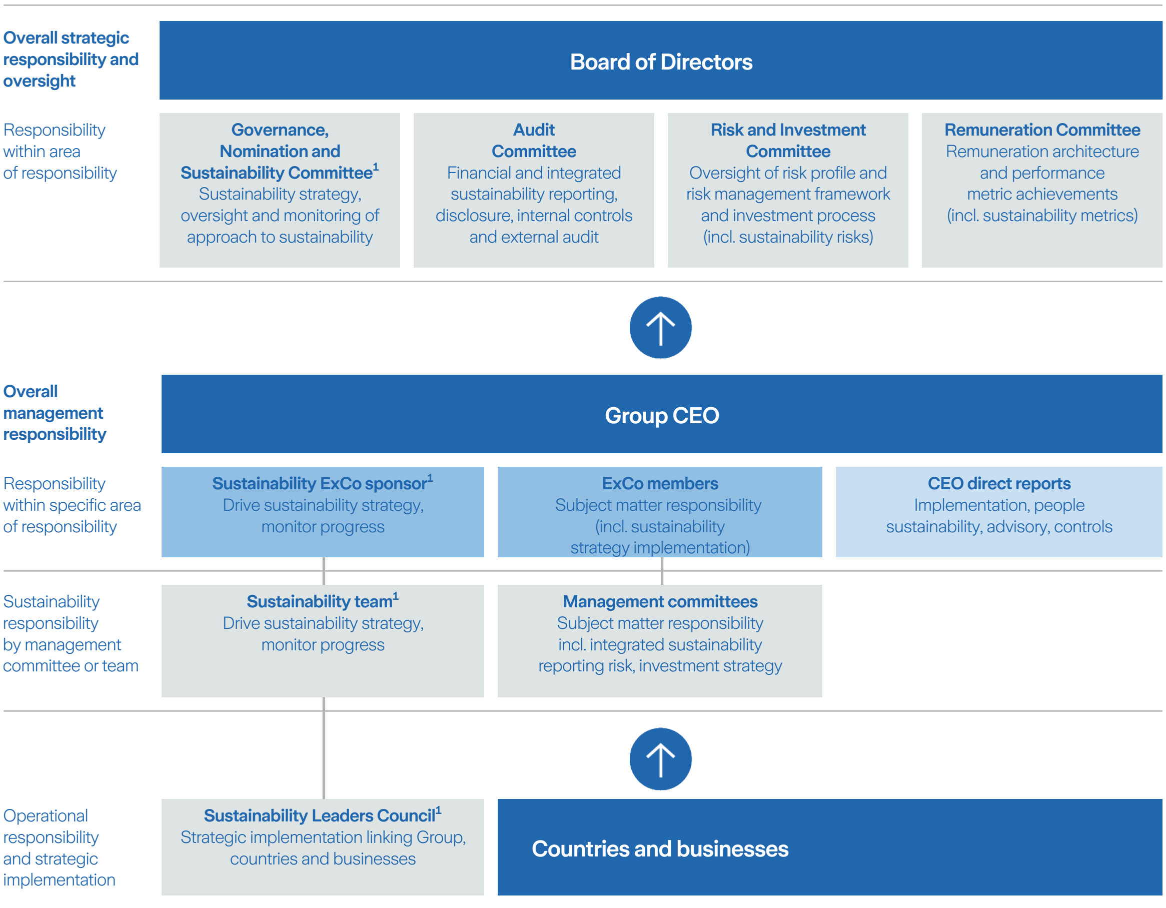
At management level, accountability for different areas of expertise, including sustainability aspects related to each of these areas, is assigned to an ExCo member or a Group CEO direct report. In addition, the Group CEO has designated the CEO EMEA & Bank Distribution as the ExCo level sponsor for Sustainability (Sustainability ExCo Sponsor). This role is supported by the Group Head of Sustainability and the Group Sustainability team. The sponsorship includes driving our Sustainability Framework and acting as a sounding board for strategic alignment of global sustainability priorities to assure a consistent approach and to facilitate oversight. The Sustainability ExCo Sponsor is also responsible for monitoring progress with respect to the sustainability priorities and targets and reporting thereon to the Board's GNSC, the Group CEO and the ExCo.

By opting for an integrated approach, our existing governance bodies are responsible for sustainability-related topics that concern their field of expertise.

3. Governance: Sustainability is embedded in our governance framework (continued)

The implementation of the sustainability strategy and objectives in the businesses, functions, regions and countries is facilitated by the Sustainability Leaders Council (SLC). The SLC comprises senior executives from across the Group and is chaired by the Group Head of Sustainability and sponsored by the Sustainability ExCo Sponsor.

Sustainability is embedded in our governance framework



1 Sustainability-specific responsibilities.

4. Our planet: Drive positive impact

Our planet

Taking action today to safeguard tomorrow.

We focus on enabling a positive socio-economic and environmental transition, while at the same time building resilience to evolving risks. A stable climate and healthy, diverse natural environment are critical to continuing human and economic development. As such, our revised Sustainability Framework expands our environmental focus beyond climate. Environmental challenges including nature loss and climate change can impact all sectors of the real economy which we insure and invest in, and ultimately can have significant impacts on a company's long-term value. Understanding, measuring and managing these impacts - while seizing the opportunities that arise from the transition to a net-zero world - is essential to creating sustainable value for our stakeholders. We aim to use our underwriting and investment activities, our operations, the collective skills and experience of our workforce and an engaging, collaborative approach with our stakeholders to address these challenges and create long term value.

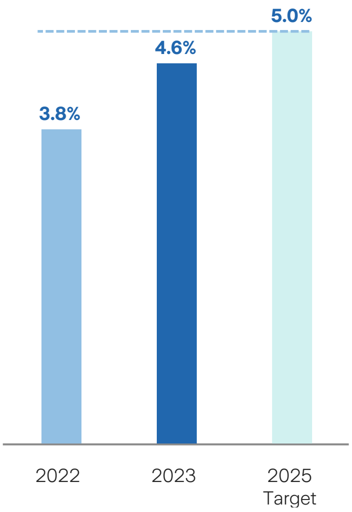
> When integrating sustainability into our business, we see mitigation and adaptation to climate change as one of our key priorities.

Linda Freiner
Group Head of Sustainability

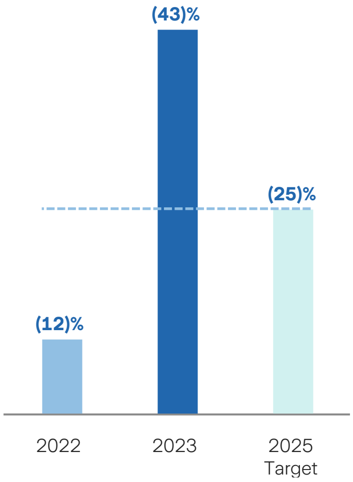
Scenario-based climate risk analysis

Resilient strategy confirmed

Share of total assets in impact investment
%



Reduction of financed emissions
%



4. Our planet: Drive positive impact (continued)

TCFD E

This section presents our disclosure in line with the recommendations of the TCFD. It outlines our understanding of the potential impacts of climate risk to our underwriting, investment activities as well as our own operations including supply chain. It represents our assessment of the resilience of our strategy to climate change risk. Also outlined is the governance we have established to make climate and sustainability an executive-level responsibility, our climate risk management processes and finally the metrics and targets we have implemented to track delivery of our stated targets. While climate change is the focal point of this section, we are dedicated to environmental aspects in a broader sense, e.g., revenues resulting from sustainable solutions, see Chapter 5. Our customers: Their needs are at the heart of everything we do (pages 180 to 191).

4.1 Strategy

TCFD E G

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

Our approach to climate change focuses on supporting companies and people through the transition to a net-zero economy and demonstrates our commitment to using every lever of our business, from underwriting and investments to our operations, to accelerate this transition.

4.1.1 Our approach to climate change risk

Understanding and managing the impact of climate change is an important aspect of maintaining our short- and long-term profitability. Our approach to climate risk is part of our risk management process. It is managed in a way that is consistent with other risks to which the Group is exposed. Our approach acknowledges that while some impacts of climate change are felt today, others may take decades to manifest. We therefore employ a number of approaches and tools to achieve a holistic understanding of potential impacts. Assessments of the evolving physical and transition risk landscape are integrated into our underwriting and investment strategies.

Natural catastrophe modeling

To manage our short-term climate risks more effectively, we are investing in improving our understanding of them. Modeling the effects of physical risk on our portfolios is a key focus. We combine global circulation models and natural catastrophe models to provide a forward-looking view of the impact of changing natural catastrophes on our portfolios at the spatial resolution required for integration in our accumulation-risk and peril-region modeling. Based on our work so far, it has become clear that model adjustments are required in some peril regions to reflect the impact of climate trends on physical risk today.

Read more about natural catastrophe modeling:
▶ 4.1.3 Natural catastrophe modeling: current exposure to physical risk, pages 141 to 144.

Portfolio level scenario-based climate risk analysis

Our annual scenario-based climate risk analysis is our most prominent and detailed outside-in risk evaluation. Leveraging scenarios developed by the Network for Greening the Financial System (NGFS) and considering our core underwriting and investment portfolios, this analysis allows us to better understand potential risks associated with the transition to a net-zero economy over time horizons extending beyond the financial cycle horizon, something fundamental to formulating appropriate strategic responses and evaluating the resilience of our strategy. This analysis also helps us identify the lines of business in which we have an opportunity to support certain industries in their transition to net-zero. We employ a static balance sheet approach, fully recognizing that the analysis is a theoretical "what if" exercise, which is useful to stretch management thinking about the medium to long-term outlook, but not to inform insights from an immediate solvency, financial or capacity management perspective.

Read more about portfolio level scenario-based climate risk analysis:
▶ 4.1.4 to 4.1.9 pages 145 to 161.

4.1.2 Introduction to climate-related risks

We broadly categorize climate-related risks as physical and/or transition risk and outline below the potential impacts of these risks on our business. In sections 4.1.5 to 4.1.9 (pages 148 to 161) we discuss our own assessment and the expected impact from climate-related physical and transition risk. We outline our understanding of how climate change risk could impact our business activities, mainly focusing on the impact on demand (revenues) and losses (claims) from an insurance perspective and on assets from an investment perspective.

The section below should be read as an overview of expected effects of both physical and transition risks, while the scenario analysis provides more details on how each of these risks is expected to unfold and impact our business under different scenarios.

4. Our planet: Drive positive impact (continued)

4.1.2 Introduction to climate-related risks (continued)

Physical risks

TCFD E

Figure 8
Climate-related physical risk

Physical risk

Acute physical risks
- Tropical and extra-tropical cyclones
- Severe convective storms
- Hail
- Floods (riverine, pluvial, storm surge)
- Heatwaves
- Droughts
- Wildfires

Chronic physical risks
- Sea level rise
- Variability in temperature
- Variability in precipitation
- Water stress

Impact channels

Changes to extreme weather events
- Changes in severity of events
- Changes in frequency of events
- Geographic shifts of events

Land degradation

Changes in productivity
- Agricultural production
- Labor productivity

Economic Impact

Individual companies
- Changes in revenue and costs from impacts on workforce and production assets
- Increased operating costs for climate change adaptation measures
- Changes in revenue and costs from changes in supply chain costs and reliability
- Write-offs and early retirement of assets
- Increased costs of capital

Macroeconomy
- Higher infrastructure costs
- Increased disaster relief and recovery costs
- Changes in GDP and growth rates
- Changes in borrowing costs
- Changes in interest rates

Impact to insurers' balance sheet

Liabilities (insurance)
- Changes in and shift of demand for products and services across geographies/ sectors/ lines of business
- Changes in loss ratios and profits
- Changes in loss frequency
- Changes in loss severity

Assets (investments)
- Valuation changes
- Changes in default rates

Greenhouse gas (GHG) emissions are leading to an increase in global surface temperatures, which is driving changes in climate and weather systems across the globe. Changes in extreme weather events can be attributed to human-induced increases in global surface temperatures with research suggesting continuing trends in emissions will further exacerbate the situation.

These developments will bring negative economic and societal impacts as extreme weather events increase in severity and frequency or undergo geographic shifts. The scientific understanding of how weather events will respond to climate change varies greatly, but we assume that further temperature increases will accelerate sea-level rise due to thermal expansion and melting of glaciers and ice sheets. It will also lead to more extreme temperatures, heatwaves and droughts, impacting agricultural production and human productivity.[1] As the warming atmosphere will also intensify evaporation, more extreme precipitation and variability in the global water cycle is seen as highly likely.

There is less certainty around how other weather events will react to climate change, such as tropical and extra-tropical cyclones, severe convective storms and hail. Secondary effects of climate change can also have negative impacts, such as extreme heat and drought leading to more wildfires, or the combination of sea-level rise and changes in hurricane intensity or tracks leading to higher storm-surge damage.

Impact to demand and loss profiles

Up to 2030, we expect changes driven by climate change to become increasingly relevant. However, these changes stop short of becoming a dominant loss driver over and above what is currently embedded into our risk appetite. We expect the inherent volatility and natural variability of extreme weather events and socioeconomic trends will continue to have a stronger influence on loss experience. Natural variability comes both from random fluctuations of extreme but rare events and multi-year variations in regional climate systems, such as the El Niño Southern Oscillation or Atlantic-Multidecadal Oscillation. This variability is also embedded in historic loss trends and taken into account in our pricing and capital management.

Socioeconomic trends, such as an increase in asset values and accumulation through population growth and concentration in urban areas, also contribute to increases in losses over time. The impact of such trends is considered in pricing and modeling, such that annual policy renewals provide mitigation against increasing physical risks for short-tail business and mitigate transition risk to the underwriting portfolio.

1 www.ipcc.ch/report/ar6/wg2

4. Our planet: Drive positive impact (continued)

4.1.2 Introduction to climate-related risks (continued)

Through certain lines of business, we can be directly impacted by the changes in physical risk caused by climate change, particularly through increases in severity and frequency of natural catastrophes, such as tropical cyclones, flood or hail, which can lead to higher losses by customers covered by our property policies. Other lines are less sensitive to physical risk and, within these, only a minority of our losses are driven by natural catastrophes (see section 4.1.3 Natural catastrophe modeling: current exposure to physical risk, pages 141 to 144).

Impact through valuation changes

Buildings may be at risk, due to their fixed locations, of suffering significant damage costs from the impact of climate change. We are currently exploring ways to assess physical risks for properties using our risk model on catastrophes and by integrating data into our central portfolio management system. The valuation of assets in our investment portfolio can also be affected by direct and indirect exposure to physical risk.

Businesses will be directly affected by impact on costs and revenues and the potential for supply chain disruptions and asset write-offs. The vulnerability of countries to physical risk, including costs associated with infrastructure and adaptation measures, disruptions and vulnerability to extreme weather events, may also have an impact on the valuation of sovereign debt.

Transition risks

TCFD E

Figure 9
Climate-related transition risk

Climate transition risk

Policy and legal
- Increased pricing of GHG emissions and removal of subsidies
- Enhanced reporting requirements
- Restrictions on products and technologies

Technology
- New low-carbon technologies
- New energy efficiency technologies

Market and sentiment
- Changing customer behavior and consumer preferences
- Stigmatization of sectors and technologies
- Changed cost of production inputs

Impact channels

Changes in demand
- Increasing demand for low-carbon products and materials
- Reduced demand for carbon-intense technologies and products

Changes in costs
- Direct carbon costs
- Changes in operating costs (supply chain, commodity costs, compliance, new production processes)
- Abatement

Competition and pass-through effects
- Shifts in market share
- Passing costs through to end customers
- Products and services with low price elasticity

Economic Impact

Individual companies
- Lower product margins
- More operational break-downs
- Early write-offs and stranded assets
- Changes in borrowing costs
- Higher sales volumes and profits for companies providing low-carbon products and services

Macroeconomy
- Changes in GDP and growth rates
- Changes in borrowing costs
- Changes in interest rates

Impact to insurers' balance sheet

Liabilities (insurance)
- Changes in, and shift of, demand across geographies/sectors/lines of business
- Changes in loss frequency
- Changes in loss severity

Assets (investments)
- Valuation changes
- Changes in default rates

If society moves to limit global warming in line with the Paris Agreement to below 2°C, and optimally to 1.5°C, the required decarbonization of the global economy will bring its own set of risks. The legal, policy, technological and market changes necessary for the transition will lead to significant shifts in economic activity and asset valuation.

Impact to demand and loss profiles

The expected steep rise in carbon prices and the removal of subsidies on carbon-intensive resources and activities in this transition could lead to reduced profitability, stranded assets and impairments in sectors that are difficult to decarbonize and where additional costs cannot be passed on to customers. This will, in turn, affect demand for insurance from shrinking sectors.

For example, the transition will shift demand for insurance toward low-carbon technologies and products, creating opportunities for companies that provide new solutions or are able to reduce their emissions more efficiently than competitors.

The aggregate effect of transition risk will vary greatly across individual actors, depending on their detailed business models, assets and transition strategy. This complicates the assessment of aggregate transition impacts.

4. Our planet: Drive positive impact (continued)

4.1.2 Introduction to climate-related risks (continued)

There will also be aggregate macro effects arising in a transitioning scenario, including the impact on economic activity, inflation and, potentially, government borrowing costs.

As new policy measures and technologies are rolled out, uncertainties around their effectiveness and unintended consequences are likely to increase, with higher market volatility and uncertain loss ratios among possible outcomes. Transition risk will be highly dependent on how predictable policy responses are and the time available for the economy to decarbonize. More disruptive impacts can be anticipated with a faster transition.

Impact through valuation changes and other drivers

In the commercial real estate sector, transition risk will manifest from the need to adhere to tighter policies, carbon and energy costs, market preferences and challenges to achieve energy efficiency, and may impact asset values. The transition will also bring legal or litigation risks. Carbon-intense energy producers are already defending lawsuits seeking to hold them accountable for their alleged historical contribution to CO2e emissions. This current litigation could expand to other industries whose operations contribute to CO2e or other climate-impacting emissions. Companies may be sued for failing to disclose climate-related risks, for failing to mitigate the impact of their activities on climate change, for allegedly misrepresenting their level of climate impact, or for failing to adapt to the changing climate. Asset managers could be sued for financing climate change-inducing activities, or for inadequately driving emission reductions in their portfolios.

The global transition to a low-carbon society will also bring with it new and emerging technologies. These could also present new opportunities as well as unanticipated risks and new environmental concerns from both a resourcing and disposal aspect. Extreme weather events could present new risks to employers regarding worker safety or to companies engaged in building design, engineering and construction. Governments could enact laws seeking to hold companies accountable for the climate impact of their supply chains.

4.1.3 Natural catastrophe modeling: current exposure to physical risk[1]

TCFD | E

Approach

Current exposures to physical climate risk are expressed through Annual Expected Loss (AEL) and Probable Maximum Loss (PML). Modeled exposures are shown below.[2] Our approach to modeling is discussed further in the section on managing risks from climate-related natural catastrophes (page 163). We highlight how various drivers including exposed insurance portfolio and vulnerability changes, model updates, exposure data quality, foreign exchange rates and reinsurance can influence natural catastrophe modeling output (e.g., AEL, PML) over time.

Scope

The climate risk assessment is applied to our portfolios, namely the exposure of our Property and Casualty business to natural catastrophe perils, impacted by climate change that could materially impact us.

Quantification

AEL
AEL provides a view on the expected loss due to natural catastrophes per year, averaged over many years.

PML
PML is a tail metric that looks at severe, unexpected but still possible outcomes of natural catastrophes at a defined probability of occurrence.

Monetary losses
Amount of monetary losses attributable to insurance payouts from natural catastrophes.

1 Results from the Q4 2023 Group Catastrophe Model are presented in the analysis shown below. There are timing differences in the underlying exposures considered in this analysis (underlying exposures by peril region are generally as of June or September 2023, and in exceptional cases as of September or December 2022). See also 4.3.2 Managing risks from climate-related natural catastrophes on page 163.
2 Countries comprising the peril regions referred to here are as follows:
– Central Europe hail: Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands and Switzerland.
– Europe wind: Austria, Belgium, Czech Republic, Denmark, France, Germany, Guernsey, Ireland, Isle of Man, Jersey, Luxembourg, the Netherlands, Norway, Poland, Sweden, Switzerland and the UK.
– Europe flood: Austria, Belgium, Germany, Italy, Switzerland and the UK, and including others like Guernsey, Isle of Man, Jersey, San Marino and Vatican.
– CB, MX and U.S. hurricane: Caribbean, Mexico and the U.S.

4. Our planet: Drive positive impact (continued)

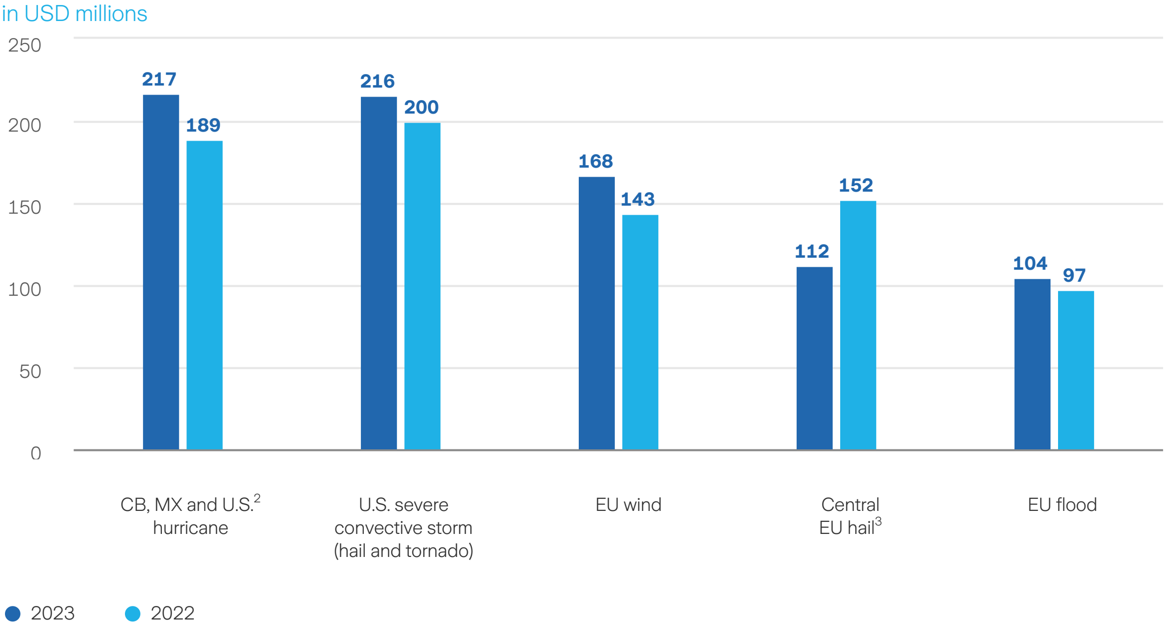
4.1.3 Natural catastrophe modeling: current exposure to physical risk (continued)

TCFD E

Annual Expected Loss

Figure 10

Annual Expected Loss for top five peril regions[1]



1 AEL excludes Farmers Re's participation in the Farmers Exchanges' all lines quota share treaty of 10 percent as of 31 December, 2023. This treaty contributes to Zurich Group's AEL for U.S. severe convective storm with USD 112 million and for U.S. hurricane with USD 19 million.
2 The hurricane model was enhanced since the last reporting leading to about 20 percent higher gross AEL. 2023 is reported based on the enhanced hurricane model and therefore reflects the model change in addition to exposure, reinsurance and exchange rate changes. The geographic scope includes correlated exposure in the Caribbean (CB) and Mexico (MX). The AEL for U.S. hurricane only is USD 203 million in 2023.
3 The central EU hail model was enhanced since the last reporting leading to about 27 percent lower AEL. 2023 is reported based on the enhanced central EU hail model and therefore reflects the model change in addition to exposure, reinsurance and exchange rate changes.

Our modeled AEL from climate-related natural catastrophes provides an indicator of our current exposure to perils that might be affected by climate change. The AEL analysis above reflects our current top five peril regions, net of reinsurance, before tax and excluding unallocated claim adjustment expenses. This analysis helps us manage risks related to insuring these perils, such as accumulation risk. Risk appetite limits by peril region are in place and exposure is currently within appetite.

2023 numbers generally reflect exposure, reinsurance and exchange rate changes since the last reporting. The increase for U.S., Mexico and Caribbean hurricane is driven by a model change. It is noted that the gross hurricane exposure for the U.S. only, decreased in line with our underwriting strategy. The decrease for Europe severe convective storm is also driven by a model change.

4. Our planet: Drive positive impact (continued)

4.1.3 Natural catastrophe modeling: current exposure to physical risk (continued)

Probable Maximum Loss

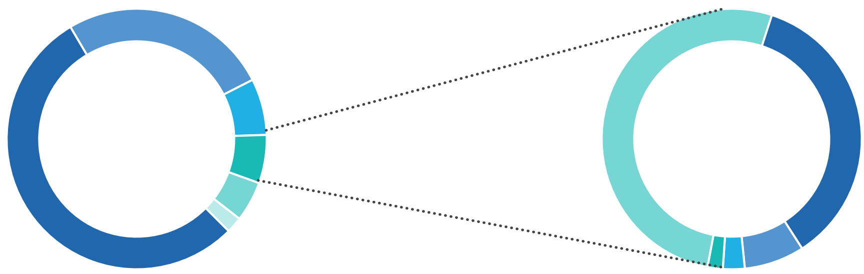
The graphs below show the materiality of catastrophe risk relative to other risk types and the materiality of our climate-related perils to overall catastrophe risk.

Figure 11

Swiss Solvency Test (SST) by risk type and climate-related perils as proportion of natural catastrophe total SST

SST total risk capital contribution by risk type

Climate-related perils as a fraction of nat cat SST total risk capital[1]



Market risk	54%
Premium & reserve risk	26%
Business risk	7%
Natural catastrophe risk	6%
Life insurance risk	5%
Other credit risk	2%

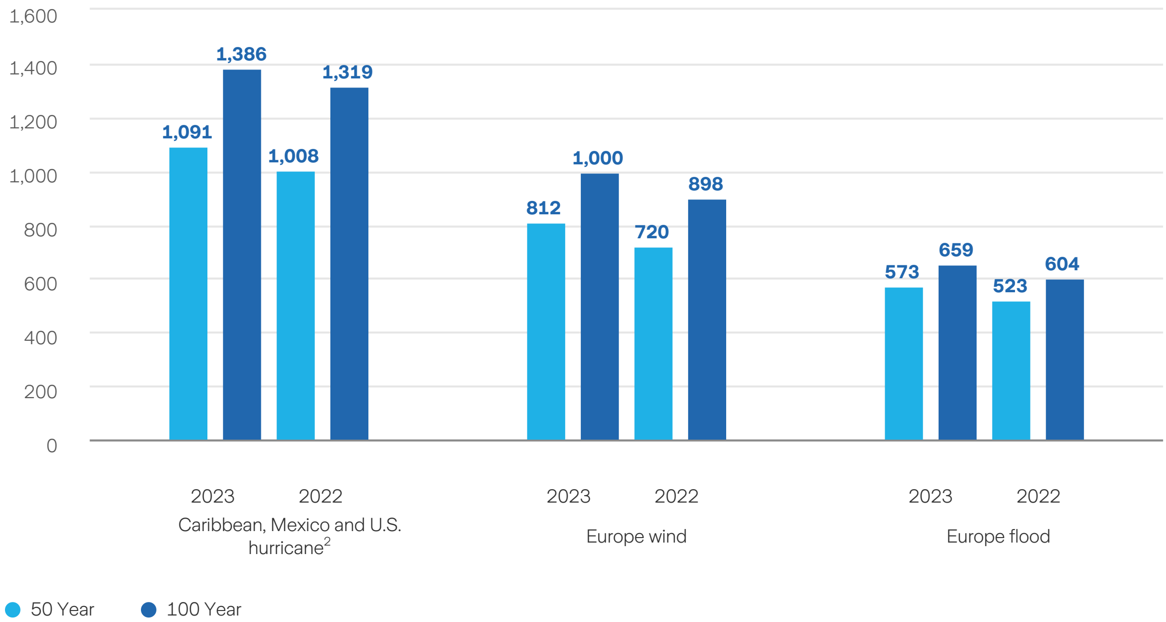
North America hurricane	36%
Europe wind	8%
Europe flood	3%
Other climate-related	2%
Non-climate-related	52%

1 The natural catastrophe SST total risk capital is defined by the 1 percent worst annual losses. These are driven by peril regions with large potential losses beyond 100-year return period (e.g. North America hurricane).

Figure 12

Probable Maximum Loss by top three peril regions[1]

in USD millions



1 PML excludes Farmers Re's participation in the Farmers Exchanges' all lines quota share treaty of 10 percent as of 31 December, 2023. This treaty increased Zurich Group's PML for US hurricane by USD 94 million for the 50-year PML and by USD 112 million for the 100-year PML.
2 The hurricane model was enhanced since the last reporting leading to higher 50- and 100-year PMLs. Both 2022 and 2023 exposures are reported based on the new model. 2023 is reported based on the enhanced hurricane model and therefore reflects the model change in addition to exposure, reinsurance and exchange rate changes.

4. Our planet: Drive positive impact (continued)

4.1.3 Natural catastrophe modeling: current exposure to physical risk (continued)

The net annual aggregate 50- and 100-year PML are shown above for the top three peril regions measured by SST total capital contribution.[1]

2023 numbers generally reflect exposure, reinsurance and exchange rate changes since the last reporting. The increase for U.S., Mexico and Caribbean hurricane is driven by a model change.

SASB E

Total monetary losses from natural catastrophes

Our loss ratio for 2023 was 66.2 percentage with 0.7 percentage points attributable to the following natural catastrophe experienced in 2023. We follow the Group's Catastrophe Response Group (CRG) governance for natural catastrophe identification. Here we report events where the total net loss is above USD 200 million. The European hail event and figure has been reviewed by the CRG, a cross-functional committee which oversees and recommends to the ExCo the best-estimate ultimate loss for material catastrophes. The term "catastrophe" in the context of the CRG covers both man-made and natural catastrophe peril events that are relatively infrequent or are phenomena that produce unusually large aggregate losses.

Table 3

Total amount of net losses[1]

Event name (by event and region)	Total net losses in USDm (2023)
European hail events (hail, Europe)	310
Total	310

1 Only events above USD 200 million are reported.

An important aspect of our proprietary view on natural catastrophe risk is the evaluation of patterns and trends in catastrophe activity with time. Natural variability of event activity is an integral part of our view on natural catastrophe risk, as are statistically significant trends that may be detectable in our claims experience or credible, conclusive modeling of past, present and future climate as a driver of loss activity. We regularly revisit our risk views and underlying models on climate-related perils in order to reflect trends in the hazard, whereas exposure trends are naturally captured by exposure data updates. Natural variability is at the same time evaluated and kept up-to-date as part of the regular reviews of our natural catastrophe risk view, which underpins the structuring and purchase of reinsurance along with the profitability assessment and strategic capacity allocation for risk assumed from customers.

We follow a gross-line underwriting strategy and focus substantial time and resources on ensuring risk-adequate underwriting and pricing of the business we assume up-front, including consideration of potential climate change induced trends. Reinsurance is used as a means to maximize diversification of net retained risks and to protect shareholders against earnings volatility. We engage with a core panel of reinsurance partners to secure the required capacity at sustainable pricing over the medium term. Given our financial strength, we have the option to weigh the benefits and cost of reinsurance against other forms of risk financing and thus adapt to supply-side changes in the reinsurance market as a potential consequence of the macroeconomic response to climate change adaptation.

1 Our disclosure shows our efforts to provide additional details, however it is acknowledged that full compliance is not envisaged e.g., due to our reporting standards (no disclosure of gross losses), or our industry's catastrophe modeling standards. There are generally no catastrophe models available for example, for chronic diseases, droughts and extreme heat and therefore no PMLs can be provided. Tsunami risk is correlated (and modeled) with seismic risk and therefore cannot be reported on a stand-alone basis as part of insured products from weather-related natural catastrophes, which are the scope of the standard.

4. Our planet: Drive positive impact (continued)

4.1.4 Portfolio level scenario-based climate risk analysis

In the following chapters, we assess climate-related risk and opportunities in the context of our business: underwriting, investment management and own operations.

Legend of icons used

Underwriting | Investment Management | Own Operations

Analysis framework

Scenario analysis allows us to assess the strategic implications of climate change over time horizons extending beyond the financial cycle horizon and assess the resilience of our strategy to potential climate risks. This section outlines the time horizons, scenarios and quantification approaches used.

Time horizons

We consider medium- and long-time horizons to be most relevant to our scenario-based analysis of climate risk.

	From (years)	To (years)	Comment
Short term	0	3	This is aligned with our financial cycle horizon. Over this timeframe, we adapt pricing, underwriting and portfolio management strategies based on observed trends in claims and model insights, hence scenario-based climate risk analysis is less relevant.
Medium term	3	10	While we operate with a three-year financial cycle horizon, a consideration of longer time horizons allows us reflect potential risks and opportunities associated with climate change in the formulation of appropriate responses.
Long term	10	30	While the three to 10-year horizon suits the formulation of strategic responses to potential climate related impacts, our net-zero commitment requires that we extend our time horizons to 2050 to consider more fully the potential risks and opportunities associated with aligning our business with a net-zero future. Such time horizons are well suited to certain long-term risks such as real-estate investments and life assurance risks.

4. Our planet: Drive positive impact (continued)

4.1.4 Portfolio level scenario-based climate risk analysis (continued)

Scenarios used

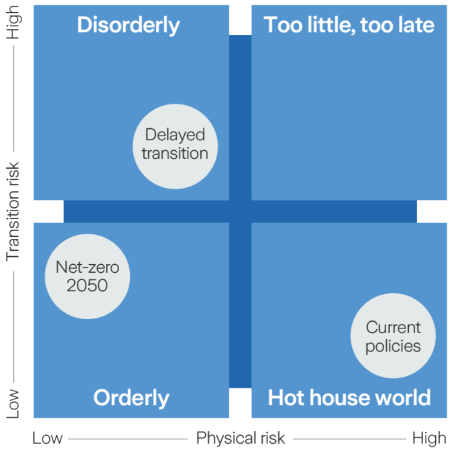
The scenarios used to analyze our underwriting and proprietary investment portfolios are drawn from the Network for Greening the Financial System (NGFS) suite, with scenarios chosen to cover a relevant set of emissions pathways. The emissions pathways of the selected scenarios correspond broadly to representative concentration pathways (RCP) 2.6 and 6.0.[1]

Net-zero 2050 limits global warming to 1.5°C through early adoption of stringent climate policies and innovation. Net-zero emissions reached around 2050, giving at least a 50 percent chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (<0.1°C) of 1.5°C in earlier years.

Delayed transition assumes no new climate policies until 2030 with high regional variation in policy implementation. Emissions exceed the carbon budget temporarily and decline more rapidly to ensure a 67 percent chance of limiting global warming to below 2°C.

Current policies assume that only currently implemented policies are preserved, leading to high physical risks. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks.

Figure 13
NGFS scenario framework



The scenarios underpinning the analysis of our underwriting and investment activities are chosen to allow us consider a broad range of risks and opportunities of varying degrees of physical and transition risk.

The scenarios used to understand physical risk impacts to our own Operations are broadly aligned with those used for our insurance and investment analysis in terms of the RCPs assumed (RCP 2.6 and 8.5).[2] Our scenario analysis leverages a third-party model and associated data to assess both our insurance and investment businesses. A high-level overview of the model, data sources and key assumptions are provided in the risk management section (pages 162 to 164).

Our disclosure focuses on both net-zero 2050 and current policies scenarios to demonstrate the resilience of our strategy in both net-zero aligned and high physical risk future states.

1 As described by NGFS, "the RCPs are greenhouse gas concentration scenarios that are commonly used in the climate modeling community. They were officially adopted by the Intergovernmental Panel on Climate Change (IPCC) and provide a basis for the projections and predictions of the Fifth Assessment Report of the IPCC." The correspondence between NGFS scenarios and RCP pathways is based on the emissions trajectory in those scenarios over time. The correspondence is not exact, but NGFS net-zero 2050 and disorderly scenario temperature pathways fall in the range of RCP 2.6, and current policies fall in the range of RCP 6.0. (More details available in the NGFS technical documentation).
2 These correspond to SSP1-2.6 and SSP5-8.5, respectively, according to the new designations from the IPCC.

4. Our planet: Drive positive impact (continued)

4.1.4 Portfolio level scenario-based climate risk analysis (continued)

Quantification

Given the differing nature of the underlying activities, we employ different approaches to understand and quantify potential impacts of climate risk.

Underwriting

Quantification is performed to underpin our medium-term assessment (to 2030). This approach is reasonable for determining how to manage identified risks due to the flexibility of the annual policy renewal cycle. Outcomes of our medium-term analysis are used to inform strategic and risk responses. Impacts to 2050 are analyzed qualitatively.

Two metrics have been chosen to quantify scenario-based impacts of climate risk on our insurance business:

- Percentage change in demand is the estimated impact on size and composition of demand for insurance products due to the drivers of physical and transition climate risk in each scenario, compared with a 2030 baseline.
- Percentage change in expected losses is the estimated impact on claims due to the drivers of physical and transition climate risk in each scenario, compared with a 2030 baseline.

For both metrics, the baseline does not take into account any further climate action or climate change relative to present-day levels but reflects modeled impacts on demand (or losses) from GDP changes and industry sector growth or decline.

Investment Management

To allow us to better understand potential future impacts of climate risk on key asset classes, we conduct quantitative analyses for 2050.

The valuation of equity in the scenarios involves discounting future revenues and costs to arrive at a net present value of future cash flows.

Corporate credit impact is estimated by translating changes in equity valuations to changes in fixed-income instrument default risk and associated loss, using a ratings-based Altman Z-score[1] model and the Frye-Jacobs PD-LGD relationship,[2] respectively.

Real estate impairments due to transition and physical risk are estimated by country and property type. Transition risks are based on country level emissions data for residential and commercial real estate (scope 1 and 2). For the physical risk impacts to real estate, a third-party risk model is used, including coastal flooding, river flooding and tropical cyclones. The combined impact of transition and physical risks is calculated by multiplying the reduced valuation associated with impacts from transition and physical risk.

Sovereign bond impact reflects the macroeconomic shocks arising from changes in energy consumption, energy costs and the physical risks of climate change, as well as the response of governments and central banks to those shocks. The model uses macroeconomic outputs from NiGEM[3] to calculate changes in nominal forward interest rates and changes in default risk premia per risk scenario.

Scope[4]

Underwriting

The analysis of our Group portfolio uses third-party modeling to understand the potential relationship between key climate drivers and insurance demand and loss experience. The scope of the analysis was determined as follows:

Analysis of the Group by:

Lines of business	Region	Industry/sector

Set of nine clusters with potentially high exposure to physical and transition risk representing:

64% of P&C	84% of Life protection

Each cluster was analyzed in depth for:

Impact on demand	Impact on losses

Investment Management

The scenario-based assessment of our proprietary investment portfolio considers listed equities, corporate credit, real estate and a separate analysis of sovereign debt. Listed equities, corporate credit and real estate cover 36 percent of our proprietary investment portfolio and make a significant contribution to our investment-related market risk position as of 2022.

Within each asset class, the third-party model covers between 70 and 100 percent of investment management holdings based on number of securities. The coverage is higher if based on market values.

1 Altman (2019): 50 Years of Altman Z-score: what have we learned and the applications in financial and managerial markets, see: www.systemicrisk.ac.uk/sites/default/files/images/Evolution%20of%20Altman%20Z-Score.lse.pdf
2 Frye (2013), see: www.chicagofed.org/~/media/others/people/research-resources/frye-jon/frye-lgd-as-a-function-of-the-default-rate-091013-pdf.pdf
3 For more details on the NiGEM model, see: https://www.niesr.ac.uk/nigem-macroeconomic-model
4 For more details concerning the scenario analysis performed on our own operations, please see pages 160 to 161.

4. Our planet: Drive positive impact (continued)

4.1.5 Portfolio level scenario-based climate risk analysis – Underwriting

Underwriting analysis

- Monitoring of our P&C business indicates no material shifts to our medium-term risk profile.
- Medium-term demand impacts to our Life Protection business are noted to increase owing to several factors, including increased scope and changes to underlying data.
- No material shifts in the P&C underwriting portfolio industry or line of business mix were observed. No material changes in response are deemed necessary and we continue to execute against previously identified priority areas.

Sierra Signorelli
CEO Commercial Insurance

Analysis performed

Monitoring of our P&C business focused on identifying material shifts[1] in business mix (e.g. changes in line of business, industry and region mix) that may indicate a potential change to currently understood impacts. Revised natural catastrophe exposures based on updated catastrophe model results are considered part of monitoring.

The scope of the P&C analysis remained unchanged from previous cycles with focus on Europe and North America, reflecting the footprint of our business. The scope of our Life protection analysis was increased to include APAC in addition to our most significant exposures across EMEA and LATAM.

Analysis findings

No material shifts in the P&C underwriting portfolio industry or line of business mix were observed, with key drivers of change identified as increased rates, changing commodity prices and inflation (e.g. costs of construction) rather than increases in exposure or coverage.

Overall impacts to Group level P&C demand in 2030 under the scenarios modelled and with no change in assumptions are estimated to be of **low materiality**. For the net-zero 2050 scenario, the impact of rate change in construction and property as well as a higher growth rate in renewable energy that offsets a decline in premiums from the fossil fuel industry could drive increased upside opportunities. However, given the nature of rate change and commodity prices, we believe the impact would not be material when fully modeled. Note that where growth opportunities highlighted in the current policies scenario relate to the increase of fossil fuel supply, we expect to forgo opportunities that are not aligned with our net-zero commitments.

In both scenarios, impacts to Group-level P&C loss experience are observed to be more pronounced before mitigating actions are considered, due to the potential negative impact of physical losses related to weather events.

Estimated impacts to demand for Life protection policies in 2030 are observed to increase to medium under the current policies scenario and just above the threshold for high under the net-zero 2050 scenario. These increases were driven by the inclusion of higher levels of physical risk assumed in underlying NGFS scenarios and the addition of acute physical risk. Corporate risk business continues to be well diversified across industry sectors.

Our medium-term risk profile is presented below.

1 A change in industry or line of business mix of more than 5 percentage points year over year for either the Group, or European business and North America, independently.

4. Our planet: Drive positive impact (continued)

4.1.5 Portfolio level scenario-based climate risk analysis – Underwriting (continued)

No material shifts in the P&C underwriting portfolio industry or line of business mix were observed. **No material changes** in response are deemed necessary and we **continue to execute against previously identified priority areas**.

Figure 14

Potential climate change-related impacts to our underwriting portfolio under current policies and net-zero 2050 scenarios with strategically aligned responses

Sector	Line of business	Portfolio weight	Demand impacts		Loss impacts		Responses
			Current policies	Net-zero 2050	Current policies	Net-zero 2050	
All sectors	Retail and commercial motor						Monitor loss trends associated with electric vehicles to reflect appropriately in pricing. Optimize claims network for emerging technology.
All sectors	Property						Continue best-in-class CAT modeling, accumulation management and continued development of Zurich Resilience Solutions. Reshape portfolios in case of current policies.
Construction	–						Optimize expected growth in construction by continuing to balance risk across the portfolio and understanding risks associated with changing construction methods.
Financial services	–						Continue the strong lens on ESG related factors as part of the underwriting risk assessment within Financial Lines, with a focus on customers' climate-related reporting.
Agriculture	–						Continue investment in models to develop insights at commodity, product and country level to help adjust the mix. Assess potential growth in private products.
Heavy industry and mining	–						Leverage carbon capture and storage as well as knowledge of energy for customers developing own solutions. Explore customer activities around transition to understand growth opportunities.
Fossil fuels	–						Understand customers' transition plans and how Zurich can support. Increased focus on risk engineering maintaining facilities that may be in run-off.
Power	–						Grow market share in renewables to maximize growth above that modeled. Continue to build on existing specialist knowledge to manage risk.
All sectors	Life protection						Commercial sales expected to trend to sectors with high growth. Continue to develop monitoring of factors affecting vulnerability to climate including loss impacts.

Portfolio weight (% of GWP)	Impact thresholds
High (>10%)	High risk (managed through Group actions)
Medium (5–10%)	Medium risk (managed through local actions)
Low (<5%)	Low risk (managed through local actions)
	Low growth (managed through local actions)
	Medium growth (managed through local actions)
	High growth (managed through Group actions)

Definition of terms used:
- Sector: Industry group of the customer base except for transport, which was considered together with the total motor book, and property, which was considered across industry due to the overarching impact of physical risk associated with climate change.
- Weight in underwriting portfolio: Indicates how much the sector/geography/line of business being considered contributes to the overall underwriting portfolio.
- Demand impacts: High, medium and low risk relate to the potential decline in premium volume due to the various scenarios whereas high, medium and low growth indicate that there is a potential increase in premium due to the changing landscape driven by transition.
- Loss impacts: High, medium and low as above relate to the potential increase in losses in each sector if no strategic or mitigating action is taken as part of the underwriting strategy.

Conclusions and responses

In general, the diversification of both P&C and Life protection business in terms of geographic footprint, industry mix and line of business limits our potential exposure at a total Group level.

We can flexibly adapt our responses to balance near-term market movements against the mid-term strategic scenario expectations. With our portfolio mix remaining stable, **no broad adaptations** are **required** and we **continue** to **prioritize actions** in **markets** and **industries** that are potentially the most material to our business, either due to the size of the underwriting portfolio or the potential impact of transition or physical risk on our portfolios.

Based on our analysis, we do not expect material impacts to fee income received from Farmers Group, Inc. through to 2030.

4. Our planet: Drive positive impact (continued)

4.1.5 Portfolio level scenario-based climate risk analysis – Underwriting (continued)

Underwriting focus on building capabilities and continuing assessment on risks associated with both the transition and physical impact of climate change.

Retail and commercial motor: a closer look

Expanded focus on technological advancements in driving and vehicles.

Identified action following climate risk scenario analysis 2021

We increased focus on monitoring profitability trends associated with electric vehicles (EVs) to adjust our propositions appropriately. Additionally, we are seeking to optimize claims networks for emerging technology and expanded focus on technological advancements in driving and vehicles.

Rationale

Among the changes affecting mobility, from a climate perspective the transition from internal combustion engines (ICEs) to alternatively fuelled vehicles, mainly EVs, is most relevant. As overall motor insurance premium volume and the proportion of EVs continue to grow in many of our markets, the risk of a shrinking premium pool can be mitigated by harnessing these new technologies and their implications for the insurance industry. While the share of EVs in new vehicle registrations is already increasing considerably, even in high-income economies, it will take at least a decade until EVs represent half or more of cars driven on the roads. Such a gradual change over a decade and longer can be deceptive as impacts can go unnoticed without dedicated monitoring. Therefore, we are actively monitoring market developments and claims experience to explore new ways to evolve our propositions and capture transition opportunities.

Progress

Our share of EVs in the overall motor portfolio is consistent with our footprint and local EV market trends, showing that our evolving motor propositions adequately capture the growing EV penetration. However, expertise is required to understand claim trends considering conflicting factors such as rapidly evolving vehicle technologies (EVs and advanced driver assistance systems to name but two), but also an increasing average age of vehicles on the road overall. Separating individual technological and behavioral factors will result in better predictions of future claims experience.

Telematics and ADAS can effectively contribute to preventing and mitigating the impact of road accidents within motor fleets and we work with a panel of selected telematics providers to provide independent advice on the best telematics solutions for any organization.

Ongoing focus

We will continue our focus on e-mobility in four key areas:

1 Portfolio (e.g., overall market growth and adoption of EVs in fleets, other fuel alternatives).

2 Pricing and profitability (ADAS, telematics and other risk differentiators).

3 Performance (e.g., understanding of specific claims trends).

4 Proposition (especially in high EV growth markets and segments).

4. Our planet: Drive positive impact (continued)

4.1.5 Portfolio level scenario-based climate risk analysis – Underwriting (continued)

Property: a closer look

Physical impact of climate change continues to drive potential risk in the property book. Actions taken to counter this include a refined approach to managing natural catastrophe and optimizing exposure in key peril regions globally.

Identified action following climate risk scenario analysis 2021

We continued to develop our best-in-class catastrophe modeling and accumulation management, as well as focusing on building capabilities within Zurich Resilience Solutions, our risk management services unit.[1]

Rationale

Catastrophe management is key to creating a climate resilient underwriting portfolio and also allows us to inform customers of actions they should take to become more resilient in the face of potential impacts from climate change.

Progress

In 2023, we completed our initiative on rebalancing capacity deployment within our North American business.[2] Maintaining sound exposure management across our key peril regions will remain an ongoing focus, as will further rebalancing executed as part of ongoing business using in-house climate science experts and external advisors.

Ongoing focus

Optimizing exposure in key peril regions remains a strong focus area and relies on frequent, consistent and comprehensive review processes, which have been in place for many years and will continue to be a key part of our climate resilience strategy.

Energy transition: a closer look

Our sustainable energy strategy underpins the development of our energy book and helps support customers as they transition to lower-carbon operating models.

Identified action following climate risk scenario analysis 2021

Fossil fuels and power

Ways to support:

- We expanded our framework to review and support customers' transition plans beyond energy into an industry agnostic approach according to our engagement targets.
- We continued action to grow our market share in renewables where we have expertise.
- We continued to build on existing specialist knowledge to manage risk. Our sustainable energy strategy is built on three layers:
  - Engagement and review of transition plans.
  - Upskilling and cross-training in sustainable energy within underwriting, risk engineering and claims.
  - Continued development of solutions to address emerging technologies in this area.

Rationale

The future of energy depends on power generation transitioning from fossil fuels to sustainable energy sources. This transition will require traditional energy and power companies to decarbonize their business model and should also bring business opportunities for new, dedicated low-carbon energy companies. To reflect the transition requirements of existing energy customers, we restructured our team of experts, blending the old world of energy with the new to mirror our customers and better help them accelerate the energy transition. To adapt to this rapidly evolving market we continue to review our sustainable energy offerings and risk appetite. We have built further knowledge and expertise by developing skills in-house as well as hiring industry experts where needed.

1 See section 5.1 Customer experience and customer-centric solutions on page 181 for more information.
2 For more information, see section 4.1.3 Natural catastrophe modeling: current exposure to physical risk on pages 141 to 144.

4. Our planet: Drive positive impact (continued)

4.1.5 Portfolio level scenario-based climate risk analysis – Underwriting (continued)

Progress

In 2023, we further developed dedicated teams, or "energy hubs", so that the required expertise is available for all written transactions. Our integrated approach to energy allows us to access traditional power and fossil fuel customers that are transitioning to sustainable energy. The world's largest wind power owners, for example, are mostly traditional power companies or integrated energy companies. Globally, we increased the number of hubs authorized to write renewable energy from four to 10. Each hub supports renewable energy customers based on a local underwriting authority that is tailored to market requirements and underwriting expertise. In particular we introduced a new offshore wind proposition. Offshore wind turbines are considered to be a particularly challenging technology, as they often utilize prototypical equipment and operate in harsh environments. While mindful of those challenges, we are providing services in a way that allows us to gain experience of a rapidly evolving technology, develop a solid foundation for the long-term profitability of our energy business and remain a consistent partner for our customers during their energy transition. We are also working with a broker to provide a facility for hydrogen customers which will serve customer needs across our lines of business in this crucial area of the energy transition.

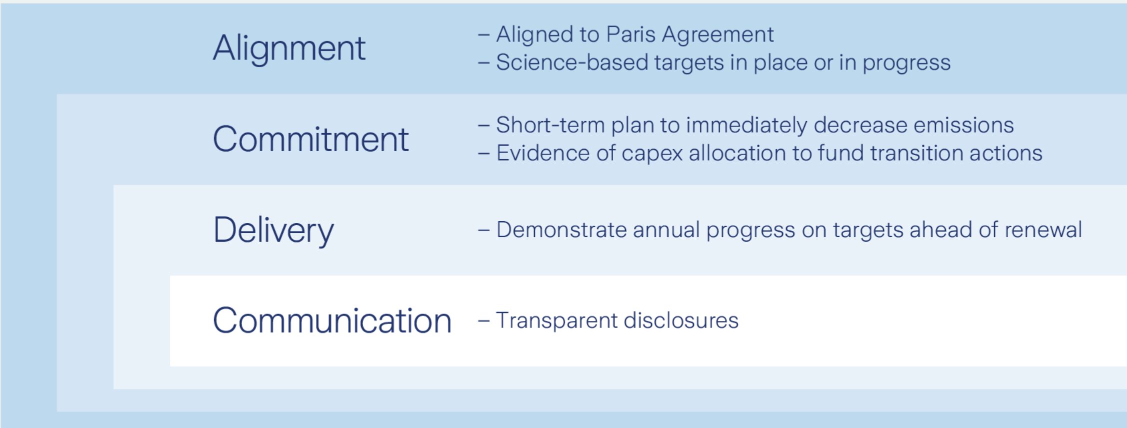
To increase and maintain the appropriate talent for our energy strategy, we continue to upskill and cross-train underwriters and recruit additional expertise as needed. We have established a green graduate program in order to further build our talent pipeline. In 2023, participants who focused on sustainable energy rotated through Claims, Underwriting and Risk Engineering roles as part of the program.

Ongoing focus

We are continuing disciplined and cautious growth of our sustainable energy business, focusing on areas where we have expertise and where we see opportunities for profitable business in a difficult market. We will continue to monitor new opportunities in emerging technology in this area and continue to revise our risk appetite as appropriate.

We are applying our alignment, commitment, delivery and communication (ACDC) approach to key transition-related

Figure 15
Transition assessment framework



4. Our planet: Drive positive impact (continued)

4.1.5 Portfolio level scenario-based climate risk analysis – Underwriting (continued)

Construction & engineering lines: a closer look

We recognize the investment required to support the energy transition and tackle the accompanying challenges, while decarbonizing both operational and embodied emissions.

Identified action following climate risk scenario analysis 2021	Rationale
We continued to balance risk across the portfolio and understand the risks associated with changing construction methods.	Buildings are a major driver of carbon emissions, both during construction and operational phases. Changes in materials and construction methods will be essential if the economy is to successfully decarbonize. Understanding how the use of those materials and methods will change underwriting risk will be a prerequisite to maintaining profitability in this changing market. We focus on growth and innovation in our construction business line through talent acquisition and new product development, with a heavy focus on the U.S. market as a first step.

Progress

Premium from our proprietary policies for mass timber master builders risk and project builders increased to USD 6.3m compared to 2022. These policies offer customized coverage and market-leading capacity of up to USD 50 million for qualified risks using mass timber, a low-carbon alternative to concrete and steel. Zurich construction in North America also continues with its weather parametric product which provides non-physical damage coverage for perils including rain, wind, heat, cold and snow accumulation. With this being a unique product in the market, we continue work on product awareness and applicability of the product solution for our customers.

We are actively working on the portfolio analysis of the current in force sustainable energy construction business with the object to continue to refine our go-to market strategy.

Ongoing focus

Alternative construction methods still represent only a small part of the overall market, however we will continue to gather experience through our existing products and will continue to monitor the market to adapt propositions and risk appetite as needed.

Strategic implications for overall underwriting portfolio

The extent to which the risks and opportunities identified in our scenario assessment will materialize over time depends on the development of the global economy. We continue to hone our skills and build experience for emerging risks and technologies, while underwriting in areas where we already have expertise. In this way, we can capture emerging opportunities, as outlined above, and are well placed to react to any potential further acceleration in the transition of the economy.

Maintaining portfolio profitability is also core to our approach to insuring the net-zero transition. We will continue to selectively accelerate growth or adapt risk appetite based on the growth prospects and profitability of the individual business opportunities, while taking cue from our net-zero underwriting ambition.

4. Our planet: Drive positive impact (continued)

4.1.6 Portfolio level scenario-based climate risk analysis – Investment Management

Proprietary investment portfolio analysis

- A model-based assessment of climate change-related risk to asset valuation across key asset classes suggests no major risk to our capital position under the scenarios considered.
- Under the current policies scenario, we observe low or moderately low physical risks for our portfolios. The model simulates high physical exposures for a few sectors, such as agriculture and activities in tropical areas, to which we currently have limited exposure.
- Under the net-zero 2050 scenario, the accumulated impact for our portfolios is limited. However, we observe elevated transition risk levels and thus higher modeled impact on valuation for carbon-intensive sectors.
- We believe that our multi-faceted responsible investment strategy is adequately set up to adapt to the impacts underlined in this scenario analysis. Our strategic response to climate change related risks that we observe, is our long-term commitment to decarbonize our investment portfolio to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels. To support the net-zero commitment, we have set interim targets for engagements, financing solutions and emission reductions.

Stephan van Vliet
Group Chief Investment Officer

Analysis performed

A model-based assessment was performed to understand potential climate change-related impacts to asset valuations of our capital positions. The third party model used integrates reliable physical and transitional climate-related risk variables under a number of climate scenarios as outlined in section 4.1.4 Portfolio level scenario-based climate risk analysis (see pages 145 to 147). Our analysis considers key asset classes, including listed equity, corporate credit, sovereign bonds and real estate. Impacts to our listed equity and global corporate portfolios are assessed in comparison with broad market benchmarks.

Analysis outcomes

In line with previous cycles, analysis indicates that climate change-related risk to asset valuation would **not pose a major risk to our capital position**. Our methodology considers a major risk as one that can have a negative impact on capital in excess of USD 5 billion. This conclusion considers equity, credit and real estate, which represent approximately 36 percent of our assets under management (AuM). Changes in observed impacts are attributable to changes in modeling methodology, input data and the composition of Zurich's proprietary investment portfolio.

Under the current policies scenario, we observe low or moderately low physical risks for our portfolios. The model simulates high physical exposures for a few sectors, such as agriculture and activities in tropical areas, to which we currently have limited exposure. Further, physical risks are estimated to mature and impact the asset valuation more profoundly further out in the future compared with the maturity patterns of transitional risks.

Under the net-zero 2050 scenario, the accumulated impact for our portfolios is limited. However, we observe elevated transition risk levels and thus higher modeled impact on valuation for carbon-intensive sectors. The higher climate-related impacts for carbon-intensive sectors can be explained by several potential market changes such as regulatory changes, carbon pricing, technological changes, climate abatement costs, increase in demand for low-carbon products and services and reduced demand for fossil fuel-related products and services. The future development of each factor is uncertain and we monitor them closely to be able to timely react to impacts and risks.

Our sovereign bond analysis suggests mildly inflationary outcomes for both current policies and net-zero 2050 scenarios, Under the current policy scenario, interest rates rise somewhat due to a negative effect on the economy caused by the physical impact of climate change. Negative effects include decreased labor productivity under warmer weather conditions. For the net-zero 2050 scenario, price pressures may arise due to the rising cost of carbon and stronger investment demand, spurred by the transition. This will result in moderately higher sovereign bond yields and lower bond prices. The impact on inflation and interest rates is estimated to be higher in the net-zero 2050 scenario than in the current policies scenario.

4. Our planet: Drive positive impact (continued)

4.1.6 Portfolio level scenario-based climate risk analysis – Investment Management (continued)

Listed equities: a closer look

Overall, the **impacts** on our **global equity portfolio** are slightly **smaller** than those of a broad market benchmark. This can be explained by several factors, including geographic exposure, different sector weighting and specific security exposure.

Under the net-zero 2050 scenario, we generally observe high transition risk levels and thus higher modeled impact on valuation for carbon-intensive sectors (including energy, non-energy materials and consumer cyclicals), which compared with lower-emitting sectors can be profoundly impacted by higher carbon costs and regulatory changes. Opportunities are identified for sectors that can benefit from, and contribute to, a decarbonization of the economy. This is especially applicable to utilities that can benefit from renewable energy solutions and the development of new technologies. Compared with previous assessments, we generally notice lower asset valuation impacts, which apply both to the benchmark and to our equity portfolio. The overall driver for lower asset valuation impact levels is an update to the NGFS scenario variables, wherein carbon pricing and abatement costs have both decreased. A reduction in carbon prices and abatement costs reduces the competitive advantage of low-carbon intensity players and decreases the costs to high-carbon intensity players. Such a decrease results in lower valuation impacts for carbon-intense sectors, such as energy, and less opportunity impact for sectors such as utilities. Further, NGFS expects a slower EV demand compared with previous scenario iterations. Slower EV demand results in a reduced climate-related benefit for EV manufacturers, causing higher impacts on asset valuation for the consumer cyclicals sector (which includes auto manufacturers) compared with previous years and the benchmark.

For low-carbon sectors, including service sectors, finance and healthcare, we observe low impacts on asset valuations. This is a realistic assumption given the limited direct exposure to climate-related transitional risks. However, for finance, the indirect exposure via the financing of higher-emitting sectors is not captured within the modelling of the asset class valuation. In a scenario with increased carbon pricing, stricter climate-related regulations and/or low-carbon technological advancement, the finance sector could face more material climate transition risks which would require mitigation actions. Further, if a rapid transitioning of the economy led to energy scarcity, increased energy prices and bottlenecks in the economy, all sectors could potentially be severely impacted. Such market developments and the potential impacts on our portfolio require careful monitoring.

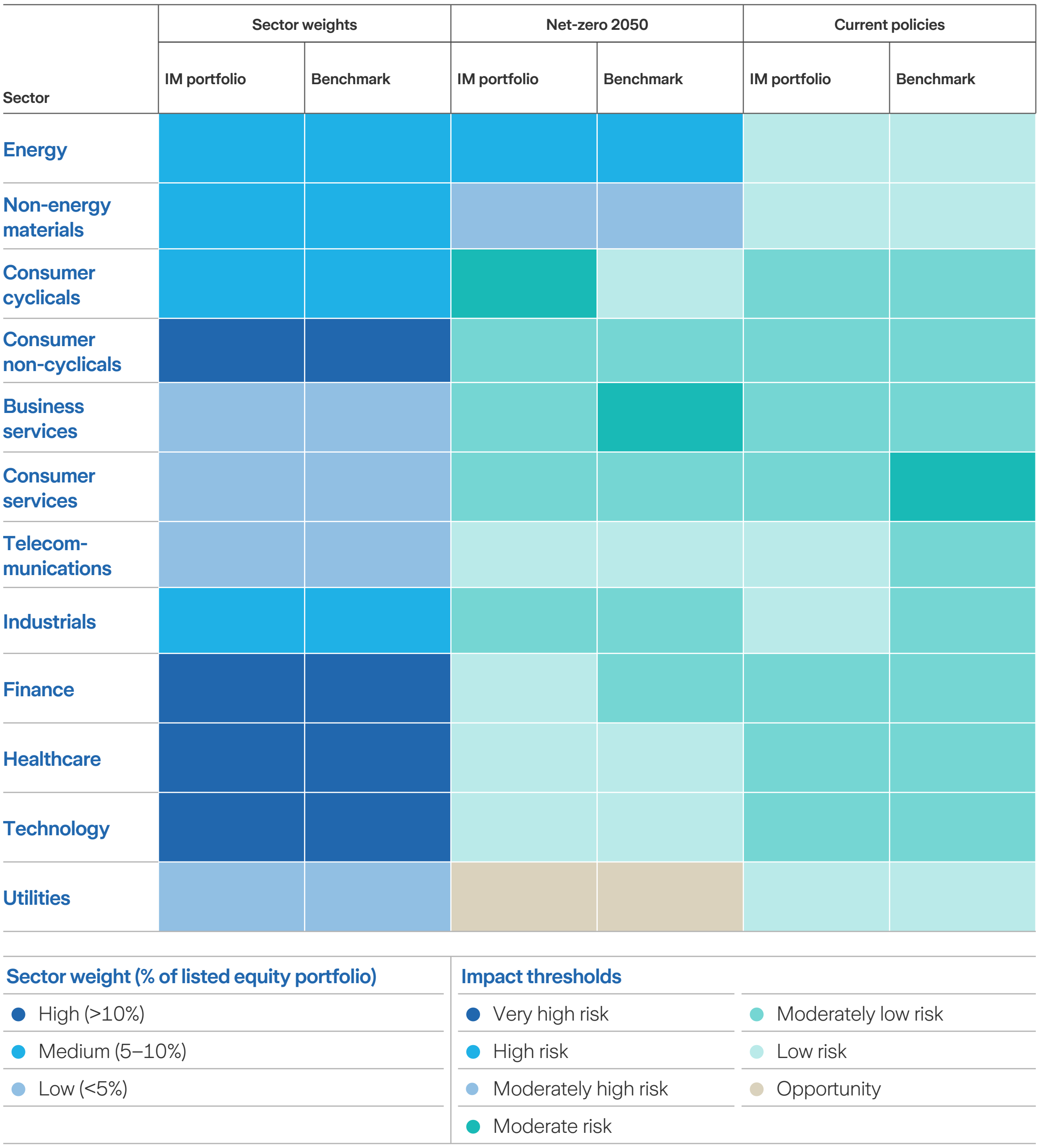
Physical climate-related risks anticipated under the current policies scenario are estimated to have a low to moderately low impact on the asset valuation, in contrast to the transitional risks emerging under the net-zero 2050 scenario. This is because most physical impacts of climate change are considered or modeled to be less impactful for the time span of the model as they materialize further out in the future compared with transitional risks. However, the impact on valuation from physical risks is higher across most sectors compared with previous assessments for both our equity portfolio and the designated benchmark.

4. Our planet: Drive positive impact (continued)

4.1.6 Portfolio level scenario-based climate risk analysis – Investment Management (continued)

Figure 16

Estimated impact on listed equity portfolio across net-zero 2050 and current policies scenarios in comparison to a well-diversified global equity benchmark[1]



1 The sector heatmap is calibrated to highlight relative impact per industry sector. Aggregate scenario level impacts are assessed in relation to our definition of financial materiality.

4. Our planet: Drive positive impact (continued)

4.1.6 Portfolio level scenario-based climate risk analysis – Investment Management (continued)

Corporate credit: a closer look

The outcome of the model shows that our corporate credit portfolio has **lower impact** levels than the benchmark in general.

We also see substantially lower climate-related impacts for our global credit portfolio relative to our listed equity portfolio. This can be explained by the shorter maturity of the credit portfolio, where bonds tend to mature before the strongest climate-related risks materialize. Further, risks associated with refinancing of debt are not considered in the model, which potentially leads to an underestimation of the true climate-related exposure. Compared with 2022 reporting, we observe only minor changes to the asset valuation of the portfolio.

Compared with our listed equity portfolio, finance has a higher weighting in our corporate credit portfolio. The model only addresses direct climate risks for finance and not the indirect impacts through portfolio-related activities, which could potentially be material. The indirect risks of finance will therefore be closely monitored to ensure that potential impact on valuation is adequately addressed over time.

Under the net-zero 2050 scenario, we see the same patterns for corporate credit as for listed equity, wherein carbon-intensive sectors experience higher transition risks and thus higher modeled impact on valuation compared to low carbon-intense sectors. For utilities, our corporate credit portfolio has a relatively higher weighting toward climate transition laggards compared with our listed equity portfolio, which has higher exposure to climate transition leaders. This difference can explain the big divergence in impact on asset valuation between the equity portfolio (estimated to benefit from opportunities in a net-zero 2050 scenario) and the credit portfolio (estimated to face moderate impacts in a net-zero 2050 scenario). Further, the benchmark has a higher exposure to utilities than the credit portfolio, which can explain higher impacts compared with our credit portfolio. For business services and industrials, slightly higher transition risks are anticipated for our corporate debt portfolios compared with the benchmark. This is because our portfolio has a relatively high exposure to entities within those sectors offering services associated with higher GHG emissions—and thus higher transition risks—such as waste management and environmental services. However, those sectors have a low overall weighting in our portfolio.

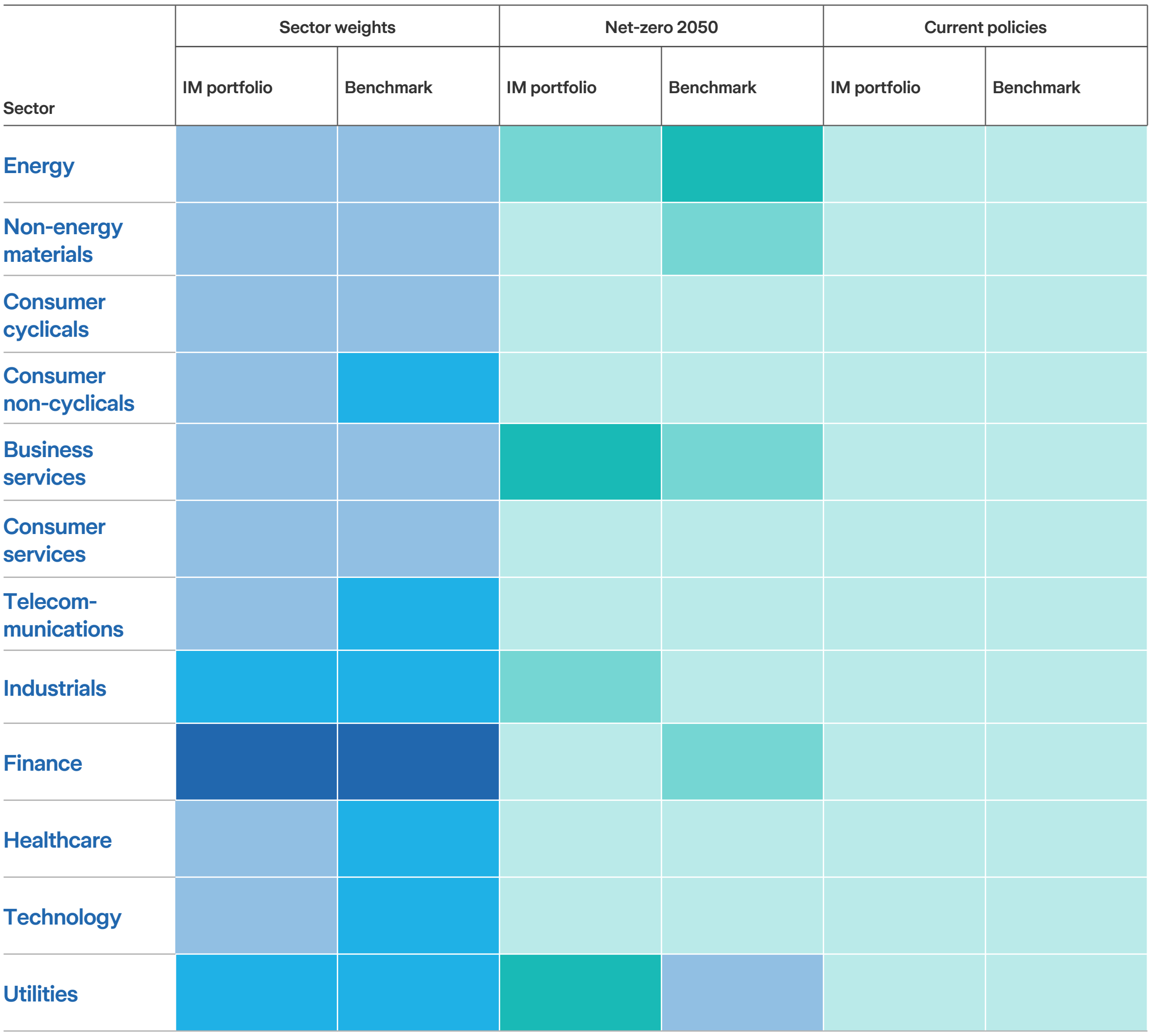
Under the current policies scenario, we observe low impact levels on asset valuation. The bonds in our corporate credit portfolio tend to mature before the strongest climate-related risks materialize.

4. Our planet: Drive positive impact (continued)

4.1.6 Portfolio level scenario-based climate risk analysis – Investment Management (continued)

Figure 17

Estimated impact on corporate bond portfolio across net-zero 2050 and current policies scenarios in comparison to a well-diversified global benchmark[1]



Sector weight (% of listed equity portfolio)
- High (>10%)
- Medium (5–10%)
- Low (<5%)

Impact thresholds
- Very high risk
- High risk
- Moderately high risk
- Moderate risk
- Moderately low risk
- Low risk
- Opportunity

Real estate: a closer look

When applying the third-party climate risk model to our real estate portfolio, we observe only **minor exposure** to climate change-related risks. This finding is similar to 2022 reporting. Compared with 2022, we see only a minor reduction in the impact on asset valuations. Given the almost unchanged regional and sectoral diversification for 2022 and 2023, the changes in impact on valuation compared with previous reporting is mainly driven by changes in the model variables. Due to a decrease in marginal abatement costs and carbon pricing as model input variables, impact valuation levels have decreased for the real estate portfolio, with the biggest impact in the net-zero 2050 scenario.

1 The sector heatmap is calibrated to highlight relative impact per industry sector. Aggregate scenario level impacts are assessed in relation to our definition of financial materiality.

4. Our planet: Drive positive impact (continued)

4.1.6 Portfolio level scenario-based climate risk analysis – Investment Management (continued)

More than 80 percent of our direct real estate investments are in Europe with an overweight in Switzerland and Germany. Under all the climate scenarios, our portfolio is most exposed to rising temperatures in Southern Europe,

Our main focus is the rapid decarbonization of our Swiss portfolio, which still uses mostly oil and gas for heating and producing warm water in residential buildings. To transform this portfolio, we have initiated several strategic investment programs to achieve our 2025 emission reduction target. In addition, we are continuing with our energy optimization project in Switzerland. The project, which started in 2014, has already led to a reduction in carbon emissions of more than 20 percent, compared with our 2010 baseline.

Conclusions and responses

Under the current assumptions from our climate scenario model simulation assessment, we observe that climate change-related risk to asset valuation would **not pose a major risk to our capital position**. The assessment shows that climate-related risks appear **well diversified** through our listed equity, corporate credit and real estate portfolios. However, as climate change-related risks can rapidly evolve and materialize faster than expected, we will conduct regular monitoring and active management of the risks. Our assessment shows that the most material climate-related risks—and thus higher modelled impact on valuation—appear for carbon-intensive sectors. We are already addressing these risks through a bottom-up approach with our emission reduction targets and coal, oil sands and oil shale exclusion policies.

We believe that our multi-faceted responsible investment strategy is adequately flexible to adapt to climate-related risks highlighted by this analysis and will continue to strengthen our practices to help us remain resilient to emerging risks. As a part of our responsible investor approach and our long-standing practice of ESG integration, we apply a specific security selection process, which takes into account good ESG practices and climate risks in the investment decision process. With respect to our exclusion policies, we have divested from equity holdings by December 2021, stopped investing in new debt and run-off existing holdings of companies that derive more than 30 percent of their revenues from mining or extracting thermal coal, oil sands and oil shale, or that generate more than 30 percent of their electricity from thermal coal, oil sands and oil shale.

Our structured and disciplined investment management approach is carefully crafted to match liabilities, minimize unrewarded risks and remain stable throughout the macroeconomic cycle. The resulting portfolio is highly diversified across asset classes, sectors and geographies. On an issuer level, both transition risks and opportunities are reflected through thorough ESG integration.

Strategic implications for overall investment management portfolio

Our strategic response to the climate change-related risks we observe is our long-term commitment to decarbonize our investment portfolio to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels. To support our net-zero commitment, we have set interim targets for engagements, financing solutions and emission reductions and have further strengthened our policy toward high emitting sectors.

To reach our interim targets for 2025, our near-term priorities include:

- Engaging with companies which have not yet set science-based emission reduction targets and convince them to do so and set up credible transition plans,
- Urge companies to exit coal-based business models by 2040 (2030 for OECD countries) at the latest.
- Enhancing our systematic approach to investee, asset manager engagement and policy advocacy.
- Following the TCFD recommendations to help us to better understand the climate-related risks of our portfolios and thus improve our ability to appropriately assess and price climate-related risks and opportunities.

To strengthen the decarbonization path of our investment portfolio, we have implemented an oil and gas policy for private debt investments in 2023. In addition to the group-wide exclusion on thermal coal, oil sand and oil shales, Zurich will not provide private debt financing of projects in the Arctic[1] and in new oil and gas upstream projects. We further specified investment boundaries for mid- and downstream projects, subject to local governance. Please see more details on sustainability risk on www.zurich.com/sustainability/strategy-and-governance/sustainability-risk.

While **increasing the resilience of our portfolio against climate transition risks**, our decarbonization strategy also contributes to **limiting the physical climate risks** showcased in the current policies scenario, which may materialize in our portfolio over the long-term. In addition to our emissions reduction target, we mitigate climate-related risks with our additional commitment of investing in climate solutions (our 5 percent impact investing target).

1 Defined as anything north of 66 degrees latitude with the exception of the Norwegian continental shelf.

4. Our planet: Drive positive impact (continued)

4.1.7 Portfolio level scenario-based climate risk analysis – own Operations and supply chain

Own Operations and supply chain

– In 2023, we conducted an additional assessment to consider climate risks for our offices, data centers and critical suppliers around the world.[1] The results of this analysis show that remediating strategies currently in force are sufficient to mitigate climate risk.

Analysis scope and approach

Approach

We performed a scenario-based assessment of physical and transition risks with quantification performed for 2030 and 2050. The assessment of physical risks utilized a third-party model and data.[2]

Scenarios used

We conducted an assessment of physical perils and transition risks to understand exposure level and criticality under two scenarios; net-zero 2050 and current policies.

Scope

The assessment considered:

– Offices with current lease terms greater than 10 years (13 locations).

– All strategic data centers (10 locations).

– Suppliers performing services with the highest level of criticality (according to internal supplier criticality classification system) for the Group, or for multiple business units (138 supplier locations).

Quantification

The physical risk assessment compared the variation in exposure levels between 2030 and 2050, with a focus on the degree of change. For supplier locations, an additional review was conducted on concentration risk identified in India. The qualitative hazard levels are based on specific physical parameters for each peril and include flood, wind, temperature, drought, hail, wildfire, precipitation, thunderstorms (lightning) and coastal flooding. The transition risk assessment involved the quantification of potential operational costs we are likely to incur as part of the transition to a low-carbon economy.

In 2023 our assessment focused on leased offices with a term greater than 10 years and also included ongoing monitoring of our strategic data center locations. We refreshed the supply chain assessment with higher quality supplier address data. This data came from the implementation of the Group Third-Party Governance Framework (TPGF).

The monitoring work confirmed results noted in previous years' assessments: Severity of hazard exposure is not expected to drastically change from current levels.

All critical processes performed at these office locations are included in **business continuity plans**, which contain appropriate recovery strategies aligned to a "loss of premises" scenario. These plans are reviewed and updated on an annual basis to address any changes in the threat landscape (e.g., energy crisis, pandemic, etc.). Based on the severity of threats highlighted and the fact there is little change to these threats over the evolving time periods, it is expected that these mitigation measures will continue to provide operational readiness of critical processes during disruptive events.

Backup data centers provide resilience for all regional strategic data centers.[3] Based on the current trend of moving applications from centralized data centers owned by the organization to cloud-based solutions, it could be assumed that the risk relating to the loss of strategic data centers may reduce over time as services become more decentralized.

Certain supplier locations (especially in India) are already exposed to high and very high physical risks and have shown high levels of resilience without directly experiencing any material service outages. While the analysis shows that the number of locations at high and very high risk is likely to increase, this risk is already actively managed by us and our suppliers. Measures including hybrid working practices, the adoption of "software as a service" and cloud technologies by us and our suppliers, reduces the potential impact of property unavailability due to physical risk.

We evaluate supplier business resilience measures for suppliers of critical services as part of its ongoing due diligence and monitoring processes under the TPGF. Where required and relevant, plans are tested and periodically reviewed. Contracts often include specific clauses regarding business continuity and disaster recovery.

1 The risk assessment of our own operations excludes certain businesses such as Farmers Group, Inc., Cover-More, Joint Ventures and other small subsidiaries. The supply chain assessment includes the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable us to maintain and develop our operations.
2 Climate data sourced from Jupiter Intelligence, ClimateScore Global v2.3, Oct. 2021.
3 Large range impacts affect cities, regions or countries; distance between data centers >500km.

4. Our planet: Drive positive impact (continued)

4.1.7 Portfolio level scenario-based climate risk analysis – own Operations and supply chain (continued)

It is acknowledged that we have a degree of concentration risk due the number of locations operated by suppliers providing critical services and there is a requirement for our functions and countries to evaluate this under our internal policy framework and implement any reasonable mitigation actions. We use a software tool that employs artificial intelligence to screen news reports, social media posts and weather forecasts/reports to identify and monitor potential interruptions in the supply chain.

Transition risk exposure was also evaluated in 2023. This involved an evaluation of the potential operational costs we may incur as part of the transition to a low-carbon economy to mitigate climate change. We don't believe that any of the identified transition risks with relevance to our operations, such as risks arising from the introduction of global carbon taxes or the development of new low-carbon technologies, are likely to have a material impact on us given the low-carbon intensity of the operations of the insurance sector and our approach to continuously improve the way we manage operational sustainability risks and opportunities.

4.1.8 Other climate risk assessment outcomes

Our climate risk assessment includes consideration of both litigation and reputational risks.

Litigation risk: Though not a focus of our scenario analysis, some current litigation drivers were considered in specific areas of our in-depth analysis. None were identified as a material risk driver in the medium term. We closely monitor developments potentially impacting litigation-related risks and take actions to address them proactively.

Reputational consequences: We recognize the heightened public scrutiny that accompanies our climate-related ambitions and that any failure (real or perceived) to deliver on our objectives and targets could have an impact on our reputation. We believe a strong internal focus on delivery, coupled with monitoring through the governance structures described in Chapter 3 (see pages 135 to 136) and transparent public disclosure on progress, mitigate this risk.

4.1.9 Portfolio level scenario-based climate risk analysis – conclusion

Our annual portfolio-level scenario-based climate risk analysis considers our operations and material business activities across underwriting and investments.

- Overall, our P&C portfolio demonstrated relatively little movement compared with 2022, with no material shifts observed in industry or line of business mix. Consequently, modeled medium-term impacts are contained to the property and fossil fuel lines of business, with aggregate impacts across in-scope line of business considered to remain low. With our portfolio mix remaining stable, no broad adaptations are required to in-force responses which we can adapt to balance near-term market movements against the mid-term strategic scenario expectations.
- The scope of our Life protection analysis was increased and although medium-term impacts to demand were noted to be more material than previous assessments, increases were not sufficient to warrant additional responses.
- Similar outcomes are noted across our proprietary investments where analysis of key asset classes demonstrates a largely unchanged risk profile with physical risk having impact in few sectors to which we have limited exposure, and where transition risk primarily impacts carbon intensive sectors. In line with 2022, observed impacts do not suggest material risk to our capital position.

Analysis of our operations suggests existing business continuity planning for critical processes are sufficient to address observed physical risk impacts while transition risk analysis does not suggest material financial impacts under the scenarios considered.

In line with previous cycles, analysis outcomes suggest that our customer-focused approach and diversified portfolios, supported by strong risk management practices, continue to provide the resilience and flexibility necessary to be able to adapt to the climate change impacts observed.

We caveat these conclusions by acknowledging the hypothetical nature of the underlying scenarios, the uncertainty inherent in scenario modeling over the timeframes considered and the somewhat conservative modeling of physical and transition risk. As the effects of climate change gradually increase over the coming decades, adaptation efforts at the individual, company and state level will increase and provide resilience against expected impacts. This is likely to reduce societal and economic losses, however the details heavily depend on uncertain societal and technological developments. On the other hand, exceeding tipping points, such as accelerated melting of Antarctic ice sheets or permafrost thawing, could lead to large-scale discontinuities in the global climate systems and accelerate the impacts from physical climate risk. We believe our strategy of continually analyzing changing risk profiles and retaining customer focus gives us the flexibility required to maintain our resilience and continue to meet the needs of our customers as climate-related risk profiles evolve.

4. Our planet: Drive positive impact (continued)

4.2 Governance

TCFD G

The organization's governance around climate-related risks and opportunities.

As outlined in the governance section of the sustainability report (pages 135 to 136), sustainability — and therefore environmental topics, such as climate change and nature loss — are integrated into our existing governance structure in that the Board is supported by its Committees according to their core mandates. The Sustainability ExCo Sponsor is responsible for monitoring progress with respect to sustainability priorities and targets and reporting thereon to the Board's GNSC, the Group CEO and ExCo.

The GNSC has been mandated by the Board to oversee the Group's approach and conduct with regard to sustainability. Oversight with respect to sustainability risks, including risks associated with environmental topics such as climate change and nature loss, is achieved through regular updates from the Sustainability ExCo Sponsor and the Group Head of Sustainability, who present updates on material topics to the GNSC on a quarterly basis. The GNSC receives regular performance updates on climate-related targets, while the ExCo sponsor for Sustainability confirms the consolidated set of material actions arising from scenario-based climate risk analysis with the Group ExCo for Group CEO approval, and reports same to the Board's GNSC. In addition to this, the GNSC was engaged on several strategic topics throughout 2023, including operational emissions and our approach to both transition planning and sustainability performance management.

Within their assigned function or business, each ExCo member and CEO direct report is also accountable for sustainability, including climate and nature. Responsibilities for such a role include contributing to the development and implementation of the Group's climate-transition planning, assessing and managing climate-related risks and opportunities, managing progress against climate-related corporate targets and value chain engagement on climate-related issues. Furthermore, environmental topics, including climate change, are considered as part of merger, acquisition and divestment due diligence and decision-making processes.

Oversight regarding the implementation of climate-related objectives in the business, functions, regions and countries is facilitated through the SLC. Further, progress toward climate-related targets across regions and countries is discussed at least annually as part of regular business performance review meetings. This is in addition to regular monitoring performed at Group level across key business functions.

Further information on sustainability risk and its governance is set out in the risk review (see pages 250 to 251). Further information on our metrics and targets is available in section 4.4 Metrics and targets of this report (see pages 164 to 179).

4.3 Risk management

TCFD E

The processes used by the organization to identify, assess and manage climate-related risks

Peter Giger
Group Chief Risk Officer

4.3.1 Integration of climate risk within the overall risk management framework

We consider impacts from climate change to be drivers for other risks, such as market or natural catastrophe risks, which are managed within our existing risk management framework. Our approach to managing climate risk is embedded in our multi-disciplinary, Group-wide risk management framework, following the same objectives of informed and disciplined risk taking. The risk management framework is based on a governance process that sets forth clear responsibilities for taking, managing, monitoring and reporting risks. These responsibilities are:

- To identify, assess, manage, monitor and report risks including (but not limited to) climate change, that can have an impact on the achievement of our strategic objectives, we apply a proprietary Total Risk Profiling™ methodology standard (TRP). This assessment considers our planning horizon and allows us to classify risks according to their materiality based on the estimated severity and the likelihood of the risk materializing. This creates a relative rating for all risks, including specific aspects of climate risk (e.g., physical and transition risks), and, by definition, the prioritization of risk mitigation. Further, it supports the definition and implementation of mitigating actions. At Group level, this is an annual process involving senior management, followed by regular reviews and updates by management.
- To take the longer-term nature of climate change into account, we complement our TRP with portfolio-level scenario-based climate risk analysis. This provides an outlook on long-term risk developments relevant to our underwriting and investment portfolios, as outlined in the strategy section (see pages 138 to 161). The details of our risk management framework and risk type are outlined in the risk review (see pages 225 to 226).

4. Our planet: Drive positive impact (continued)

4.3.2 Managing risks from climate-related natural catastrophes

As outlined in the strategy section (see pages 138 to 161), changes in physical risks related to long-term[1] climate change could, over time, impact us through the property-related business via affected severity and probability of climate-related natural catastrophes. This is, in part, mitigated by the flexible nature of our underwriting portfolio, with contracts that are typically renewed annually. We recognize that the climate has been changing already in the past decades with impacts such as land-ice melt and rise in sea levels, that need to be considered in our assessment of physical risk. It is, however, clear that climate science indicates the greatest changes in physical risks related to climate change will occur over the longer term. We have established sophisticated natural catastrophe modeling capabilities to manage our underwriting selection, so that accumulations stay within intended exposure limits. The resulting view of natural catastrophe risk also underpins profitability assessments and strategic capacity allocation and guides the type and quantity of reinsurance we buy. To be globally consistent, natural catastrophe exposures are modeled centrally.

Third-party models provide a starting point for the assessment of natural catastrophe risk. However, they are generally built for the market average and need validation and adjustment by specialized teams to reflect the best view of risk. We have been a leader in natural catastrophe model validation since 2005 when we developed our proprietary 'Zurich View' of risk. This gives us nearly two decades of experience in applying a structured and quantitative approach to optimize our risk view. To arrive at the "Zurich View", which also aims to reflect the impact of potential climate change that happened until today already, models are adjusted in terms of frequency, severity and event uncertainty.

Adjustment factors address potential losses from non-modeled, property-related exposures or secondary perils to the extent not covered by the third-party models. Every catastrophe event provides an opportunity to learn from our own claims experience and the modeling framework provides a place to capture the new insights. We constantly review and expand the scope and sophistication of our modeling and strive to improve data quality by leveraging technology.

We supplement internal know-how with external knowledge (e.g., the Advisory Council for Catastrophes). We are a shareholder in PERILS AG, Switzerland, a catastrophe exposure and loss data aggregation and estimation firm. We are also a member of the open-source initiative Oasis Loss Modeling Framework and rejoined the Global Earthquake Model Foundation as a governor sponsor in 2023.

Catastrophe models based on historical data do not capture potential, much longer-term shifts of extreme weather events related to climate change. However, when combined with general circulation models (GCMs), which build representations of the Earth's physical climate systems, catastrophe models can help us understand the risk of future climate conditions. The quality of GCMs continues to evolve as scientific understanding of the Earth's climate systems increases and as progress is made in computing power and artificial intelligence. This science is evolving, and we have strengthened our catastrophe modeling team with dedicated resources to create methodologies to integrate forward-looking aspects into our modeling approach.

4.3.3 Portfolio level, scenario-based climate risk analysis

Assessments of the resilience of our business model to potential climate risks over time periods extending beyond the financial cycle are performed using scenario analysis. To achieve a consistent Group view on potential climate change pathways, scenarios selected for this analysis underpin all assessments Group wide, unless other local regulatory requirements exist. Assessment granularity and timeframes can be tailored to the specific requirements of the assessment.

An integrated modeling approach, leveraging a third-party model, is adopted for the analysis of our underwriting and proprietary investment portfolios to ensure, as much as possible, the consistent use of assumptions. To quantify impacts on Group assets, the model adopts a bottom-up approach to analyze the exposures of businesses and industries to physical and transition risk. To provide a map of vulnerabilities, it uses asset-level data on relevant risk drivers, including carbon emissions, abatement options, exposure to physical risks (including location-based exposure to acute physical risks), exposure to the greening of the economy, dependency on fossil fuels and competitiveness.

The strength of this bottom-up approach is that it provides a coherent framework for analyzing climate change-related risk at the industry and corporate sector level. Given the flexibility of our business model, in both our underwriting and asset portfolios and the static balance sheet approach adopted, scenario-based climate risk analysis is performed in the full recognition that it represents a theoretical "what if" analysis. It is a useful approach which can serve to stretch management thinking about the much longer-term outlook and to address consistency of disclosures expected through the TCFD framework, but it does not provide insights from an immediate solvency, financial or capacity management perspective.

Data underpinning the assessment of impacts on group assets are used in conjunction with premium and loss data to model impacts on our insurance business in a bespoke process.

1 This refers to time periods up to 10 years and even out to 30 years, as mentioned in section 4.1.4 Portfolio level scenario-based climate risk analysis on page 145.

4. Our planet: Drive positive impact (continued)

4.3.3 Portfolio level, scenario-based climate risk analysis (continued)

Figure 18
Underwriting analysis process

1

Develop heatmap

Objectives
- Assess and prioritize risk channels using consistent quantitative metrics
- Provide basis for selecting deep dives

Method
Criteria for heatmap include:
- Portfolio importance (underwriting volumes (GWP) by industry sector, line of business and geography)
- Demand impact (sectoral revenue change for physical and transition risks)
- Expected loss impacts (transition and physical risks)

2

Conduct in-depth analysis

Objectives
- Assess impact on underwriting volumes of key sectors, lines of business and geographies due to climate risks in 2030 (relative to the baseline scenario)

Method
- Impact on demand due to change in climate-related exposure
- Impact on expected losses arising from transition and physical risks

3

Conduct portfolio level risk assessment

Objectives
- Identify key risks and opportunities (for risk management framework and disclosure)
- Quantification of portfolio level impact on underwriting

Method
- Building on analysis in steps one and two, quantify impacts on underwriting volumes in 2030 (relative to baseline) due to climate risks

Data sources and assumptions

- We adopt a static, balance-sheet approach to better isolate potential medium- and long-term impacts of climate change. This implies quantified impacts assume no strategic reaction from us to the risks identified, and no movements in pricing to adapt to changing conditions.
- Scenario analysis is performed using year end 2022 financial data supplemented with latest available emissions data.
- Modeled impacts of acute physical risks on expected losses are, to every extent possible, based on our own natural catastrophe modeling. We work with a third-party model which enables us to search publicly available hazard data by type of hazard. We will expand our in-house modeling to cover a wider range of physical risks and this will be included in our own catastrophe modeling results.
- While the bottom-up approach adopted by the underlying model facilitates granular analysis of climate change-related risk, the model depends on certain assumptions, namely:
  - The assumption of smooth transitioning, as capital moves from carbon-intensive to low-carbon activities without bottlenecks or frictions (e.g., costs are passed to consumers), leads to a muted 'cost of transition', despite the carbon prices assumed in the underlying scenarios.
  - The assumption of perfect information, where action is only taken once new policies are in place, omits an important uncertainty effect.
  - Complex hazards such as inland floods, severe convective storms, tropical and extra-tropical storms including coastal flooding are assessed by catastrophe models that rely on simplified assumptions.
- For our own Operations, internal physical risk analysis of proprietary and third-party data was used.

For further details on our risk management process and supporting committees:
▶ See the risk review on pages 225 to 226.

4.4 Metrics and targets

We use numerous indicators across our underwriting and investment activities, as well as our own operations, to monitor, assess and manage climate-related impacts to, and of, our business. This section outlines the main targets underpinning our climate strategy and lists the key performance indicators (KPIs) we track.

TCFD

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

4.4.1 Our targets

Our commitment to net-zero focuses primarily on supporting emissions reduction in the real economy. We believe we can best achieve this by focusing our approach on engagement with customers and investees and accompanying their transition. This reflects our principle, which holds that the private economy's most effective contribution to fighting climate change derives from assisting, incentivizing, and asking our investee companies, insurance customers, suppliers and other stakeholders to embark on their own decarbonization pathways. We hold ourselves accountable to the same expectations through leading by example with our own operations.

4. Our planet: Drive positive impact (continued)

4.4.1 Our targets (continued)

Outlined below are the principal targets we have set to align our business activities with the net-zero commitment. Those targets are also described in our roadmaps, which provide a transparent picture of our progress toward set targets and positions.

Target	Definition	Target years	Base year
Reduction of financed emissions	Our emission reduction targets cover both listed equity and corporate bond investments as well as direct real estate investments. We aim to: – Reduce the intensity of emissions (scope 1 & 2) of listed equity and corporate bond investments by 25 percent, in terms of metric tons of CO_2e per USD million invested. – Reduce the intensity of emissions of direct real estate investments by 30 percent, in terms of kilograms of CO_2e per square meter.	2025 (interim) 2050 (net-zero)	2019
Engagement[1]	We strongly believe that simply divesting from companies with carbon-intensive footprints is less effective than engaging with them to drive the shift to sustainable practices. Many of these companies have the knowledge and engineering capabilities required to make a green transition and harnessing this can benefit sustainability goals. – Engage with companies that produce 65 percent of portfolio emissions and lack targets aligned with the Paris Agreement. – Invite these companies to set targets aligned with the Paris Agreement. – Collaborate with asset managers to highlight best practice for climate-conscious active ownership and work together for a just transition. Over a period of at least two years, we will engage with companies directly and through organizations such as Climate Action 100+ and the NZAOA. We focus on engaging with carbon-intensive companies, such as those operating in the oil and gas sector, on the need to set science-based emissions targets. Should engagement fail and companies refuse to set targets after due dialogue, we will vote against board members at shareholder meetings and where relevant, as a last resort, will divest.	2025	2019
Climate solutions[1]	Our targets for financing climate solutions enhance our existing long-term engagement to provide green financing solutions under our impact investing strategy and also count investments in green certified buildings. – Increase allocation to investments in climate solutions. – Avoid 5 million metric tons of CO_2e emissions per year through impact investments. – Contribute to a market environment that enables a growing pipeline of climate solution investments suitable for institutional investors, based on our experience of building a multi-asset class impact portfolio. In 2022, we set ourselves an additional target to allocate 5 percent of invested assets to impact investments by 2025.	Ongoing	2019

Target	Definition	Target years	Base year
Reduction in operational carbon emissions	Our targets for our own operations[2] against a 2019 baseline as follows: – Total emissions: absolute reduction in all operational emissions of 60 percent by 2025 (increased from 50 percent) and 70 percent by 2029. – Scope 1 & 2: reduction in emissions from the fleet and onsite heating as well as from purchased electricity, heat and steam (e.g., district heating) of 62 percent by 2025 and 80 percent by 2029. – Scope 3: reduction in operational emissions resulting from air, rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impacts of 60 percent by 2025 and 67 percent by 2029.	By 2025 (interim) By 2029	2019

1 Applies to our investment management portfolio.
2 Cover-More, Farmers Group, Inc. and its subsidiaries, joint ventures and third party vendors are out of scope.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics

This section highlights the key metrics we use to measure and manage climate-related risks and opportunities. They represent a combination of metrics derived from the SASB and WEF IBC standards expanded with further metrics of our own, in line with guidance from the TCFD.

Underwriting

TCFD E

Carbon intensity

Leveraging the accounting method for insurance associated emissions, published by the Partnership for Carbon Accounting Financials (PCAF) in November 2022, we have already performed a first analysis of our insurance-associated emissions. This work will also form the baseline for our future targets.

SASB E

Revenues from energy efficiency and low-carbon technologies[1]

Our products related to energy efficiency and low-carbon technology, separately priced, amounted to **USD 424 million** in 2023 (USD 155 million in 2022). This was mainly driven by the uptake of a **new solution** in 2023 on **portable electronics insurance** with premiums of USD 132 million where repair is the priority, in the case that damage has occurred, the device is repaired almost all of the time. Owing to a shift from ICE to EV solutions from existing and new customers across the market we saw an increase in revenues of USD 77 million. We have also seen an increase in renewable energy solutions premium providing for USD 20 million of the movement in 2023.

For more information on all our sustainable solutions, please see section 5.1.1 Revenues from sustainable solutions on pages 182 to 185.

Underwriting and Investment Management

Thermal coal, oil sands and oil shale

Our thermal coal, oil sands and oil shale engagement campaign officially ended after a two-year period in June 2021. Our restricted equity exposure had been divested by end of 2021 across all local entities (monitored and reviewed periodically), while our corporate credit was either sold or these securities were allowed to mature. Where we were aware of relevant exposure in our underwriting portfolio, those companies have been assessed and relationships exited in line with our exclusion policy.[2]

In line with our thermal coal, oil sands and oil shale policy, we continue to screen new investments and potential customers for involvement in policy-relevant activities. We will **not insure or invest** in companies that exceed our thresholds and do not have near-term commitments in place to bring themselves below these limits. As such, companies will be **added** to our **exclusion screen before any business relationship** has been established. This will not impact the amount of divestments or phased-out insurance premiums.

Existing customers and investee companies have the potential to become relevant for our exclusion policy through mergers or divestments. We will continue to monitor for such developments using third-party data sources but we will not separately report on such cases due to their low impact on our portfolio.

In line with our overarching net-zero targets for our insurance and investment portfolios, our performance management focus will move from individual sector exclusions to tracking our overall portfolio decarbonization and engagement targets. We monitor the progress of customer and investee companies against our thermal coal, oil sands and oil shale thresholds through third-party data and direct engagements.

Z E

Engagement for the transition

Company engagement

Engagement is a **key mechanism for investors** seeking to mitigate systemic climate risks and work towards net-zero.

In 2023, we **advanced** our **bilateral net-zero engagement campaign** (as illustrated below in Table 4 on page 168). We focused on companies with **heavy emissions** to understand the company's **current emission intensity** and their **transition plans**. In cases where the company has not yet established such a plan, we will work with the company to set up a transition plan with preferably externally validated targets.

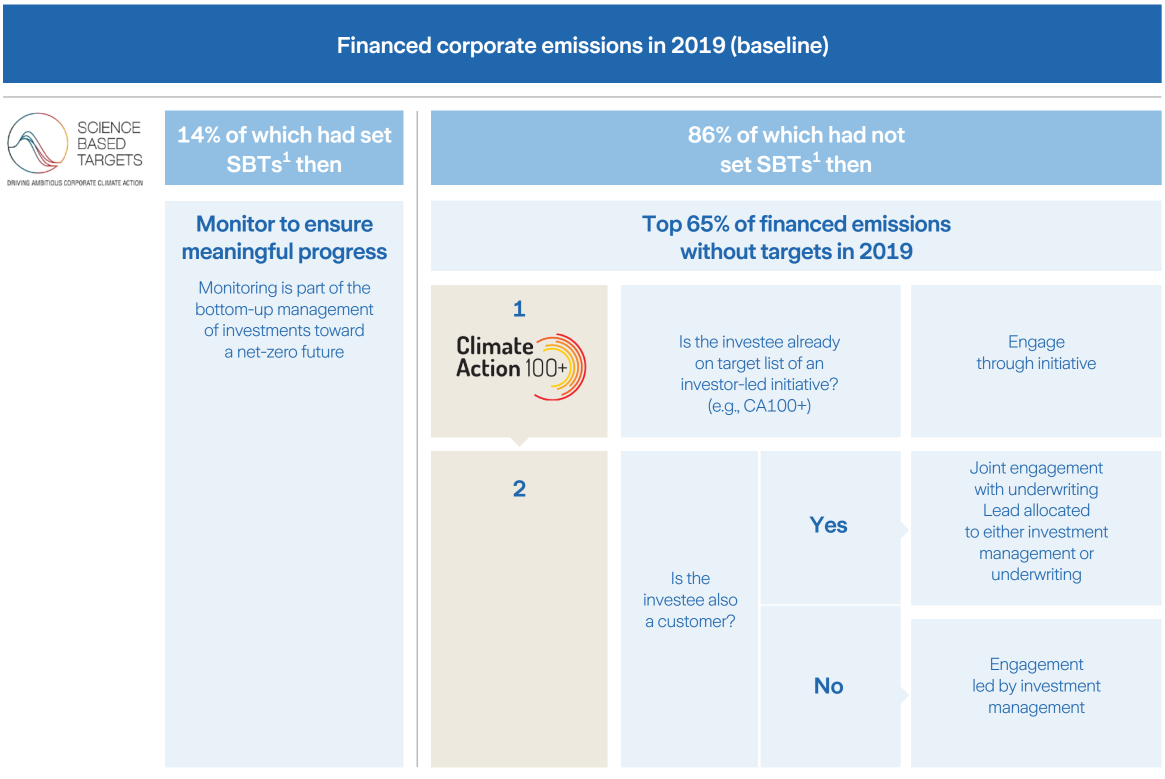
1 Revenues capture gross written premiums and other fee services.
2 For further information, see section 2.2 Managing risks and opportunities or visit our website: www.zurich.com/sustainability/strategy-and-governance/sustainability-risk

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

We see **collaborative engagement** as a key way to amplify our positive impact, especially on climate change issues as we work to decarbonize our portfolio without simply divesting from high-emitting sectors. We are a member of Climate Action 100+.

Figure 19
Our engagement approach



1 Science-based targets.

Case study

Since 2019, underwriting and investment management have worked together to continuously engage with customers and investee companies, so as well in the case of a European utility company.

Since the company had not publicly stated emission reduction targets, we started an engagement to learn more about the company's transition and encourage them to set science-based targets. The company embarked on a journey towards sustainability and decarbonization.

It acknowledged the challenges in scope 3 emissions accounting for utilities and grappled with the complexities of long-standing gas power plants. Despite these challenges, its ambition to set emission targets and invest in green hydrogen showcased its determination to lead in sustainability and renewable energy.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

Table 4

Engagement progress

	2023	2022
Engagement started	60%	54%
Engagement not started	5%	11%
=Target	65%	65%
Started engagements undertaken…		
Collectively	25%	25%
Bilaterally	34%	29%
…with outcome		
Failed[1]	16%	16%
Ongoing[2]	24%	21%
Succeeded[3]	20%	18%

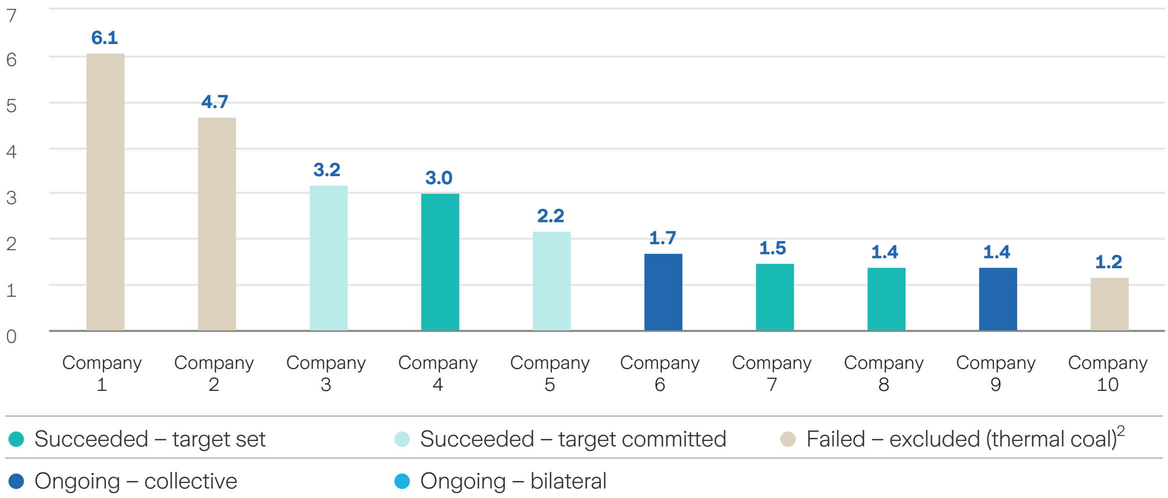
Note: All percent correspond to percent of financed emissions in 2019 (baseline) without net-zero targets, cumulative progress since 31.12.2019.

1 Engagement considered as failed under the thermal coal, oil sands and oil shale policy if it became clear the company would neither move under the 30 percent threshold nor set net-zero targets and was hence excluded; or that a company approached under the net-zero program refuses to set science-based net-zero targets.
2 Engagement considered as ongoing includes when a first contact is established with the company to engage in a meaningful conversation.
3 Engagement considered as succeeded if a company has publicly committed to science-based net-zero targets (under SBTi) or an equivalent scientific verification body, referring to Zurich only as a contributor to the outcome.

Figure 20

Engagement progress for top 10 emitters without science-based targets (SBTs)[1]

Financed emissions %



1 Company grouping according to our proprietary methodology, which considers ownership and operational control structures (corresponding to financed emissions in 2019 (baseline data)).
2 Failed engagement under thermal coal program means the company was added to the restricted list and hence equity exposure was divested and credit exposure put in run-off.

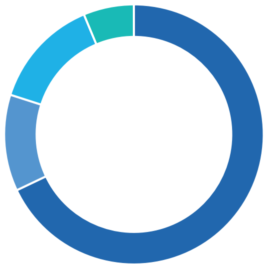
4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

Figure 21

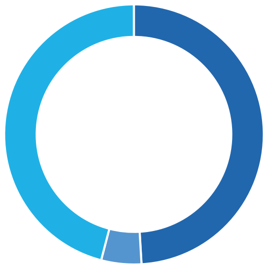
Top 10 emitters without science-based targets (SBTs) by sector and region[1]

Top 10 emitters by sector



Utility	68%
Metal and mining	12%
Government owned, no guarantee	14%
Energy	6%

Top 10 emitters by region



EMEA	49%
Americas	5%
APAC	46%

1 Corresponding to financed emissions in 2019 (baseline data).

Asset manager engagement

While bilateral corporate engagement – the most common form of investor engagement to date – is an important tool for addressing the financial risks of climate change, we aim to complement this approach by other, more systematic forms of engagement like collaborative, value chain, and asset manager engagement.

As an asset owner, one of the most important and impactful engagement opportunities we have is to engage with our asset manager partners to support greater climate action and 1.5°C alignment with low/no overshoot. This applies to asset managers investing on our behalf in both public and private markets. Asset managers consistently represent the long-term interests of their asset owner clients in their climate-related engagements, particularly when those clients have made their own ambitious climate commitments. This is a key aspect of alignment in the asset manager–owner relationship.

To ensure alignment between our investment philosophy and our asset managers, we are strengthening our **asset manager engagement process** to systematically address climate-related stewardship. The aim of our engagement is to:

1 **Increase asset manager ambition and accountability**: We evaluate the strength of asset managers' systematic stewardship efforts related to climate and we integrate that evaluation into our ongoing selection, appointment and monitoring processes. Our annual ESG questionnaire, which includes specific climate-related topics, and review meetings provide input for our **internal scoring system**. Where we identify areas that do not meet our expectations, we **engage** on those particular topics and ask for specific commitments to **implement improvements**. Our aim is to get asset managers to a transparent and consistent reporting.

2 **Encourage asset managers to act systemically on our behalf**: Asset managers often have long-standing and strong relationships with companies in their portfolios and hold more concentrated positions in companies than us. This gives clear weight and influence to any messaging that asset managers deliver to companies on the need to manage systemic risks. Furthermore, through thought leadership, public discourse and policy engagement, asset managers can help encourage the development of the policy frameworks and economic incentives that are needed to catalyze the systemic shifts that would limit warming to 1.5°C.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

Investment Management

This section presents a progress update on our investment-related targets.

Financed emissions

In 2021, we set interim targets for 2025 following the guidance of the NZAOA for the asset classes of listed equity, corporate bonds and real estate. Since the announcement, we have been working on local objective setting, implementation and data improvements. We have broken down the global portfolio target by local business unit and region. This allows us to capture factors such as local market considerations, sector diversification and past and projected pathways of emissions.

We strongly believe that simply divesting from companies with carbon-intense footprints is less effective than engaging with them to support the shift to sustainable practices. The findings from our engagement efforts, as described above, will help guide us through portfolio construction and rebalancing actions, benchmark changes and, where relevant and as a last resort, divestments. We aim to reach our targets by phasing out exposures to already restricted names under our thermal coal, oil sands and oil shale policy, and active portfolio management. We are taking portfolio construction actions that allow for potential switches to issuers with a lower CO2e footprint and potential divestments for those cases where no valid transition plans are in place and hence where engagement fails.

Table 5

Assets under Management: corporate portfolio[1]

	In scope AuM (USDbn)		
	2023	**2019**	**Difference**
Zurich Corporate portfolio[2]	49.6	58.5	(15)%
By investment asset class			
Listed equity	6.7	10.6	(37)%
Corporate bonds	43.0	47.9	(10)%
By region			
APAC	5.3	4.5	19%
EMEA	32.0	38.2	(16)%
Americas	12.4	15.9	(22)%
By sector			
Utilities	4.0	4.4	(8)%
Government-owned company	1.9	2.7	(28)%
Energy	1.8	2.1	(16)%

1 AuM covers companies listed equities and listed corporate credit.
2 Between 2019 and 2023 the total AuM dropped by 16 percent.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

Table 6

Absolute and relative emissions of the corporate portfolio[1]

	Absolute financed emission (million metric tons CO2e)[2]			Relative emission intensity (metric tons CO2e/1 million market value)			
	2023	2019 (baseline)	Difference	2023	2019 (baseline)	Difference	Target
Zurich Corporate portfolio	3.8	7.9	(52)%	77	136	(43)%	(25)%
By investment asset class[3]							
Listed equity	0.4	1.0	(60)%	57	90	(37)%	
Corporate bonds[3]	3.4	7.0	(51)%	80	146	(45)%	
By region							
APAC	0.9	1.8	(51)%	164	400	(59)%	
EMEA	2.2	4.5	(52)%	68	118	(42)%	
Americas	0.8	1.7	(53)%	63	105	(40)%	
By sector							
Utilities[3]	1.4	2.7	(46)%	358	616	(42)%	
Government-owned company	0.5	1.4	(64)%	262	529	(50)%	
Energy[3]	0.5	0.7	(20)%	290	305	(5)%	

1 In order to provide a comprehensive overview, details incl. prior year data are shown in the appendix on pages 206 and 209.
2 Financed emissions cover scope 1 and 2 of underlying companies (listed equities and listed corporate credit) attributed with enterprise value methodology and matched based on most recently available emission data.
3 Emission reporting for Zurich-validated green bonds in the Utility and Energy sectors was refined in 2022 to reflect the nature of the financed projects. Please see the green bond validation methodology in our white paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/responsible-investment-at-zurich.pdf

Since 2019, we have **achieved** a **reduction** in the emission intensity of **43 percent**. Zurich's absolute financed emissions declined over the same period by 52 percent. This reduction in financed emissions was mainly driven by i) **changes in portfolio composition** and ii) **structural emission reductions of our investee companies**.

The majority of emission intensity reduction since the baseline year 2019, is driven by changes in the investment portfolios due to active decisions on reinvesting matured bond proceeds or new investments into lower emission intensive companies. We also observe an expected further meaningful drop in emissions from companies in run-off under the thermal coal/oil sands policy due to maturing assets in 2023.

Another large part of the achieved emission intensity reduction is driven by the reduction in emissions reported by the underlying portfolio companies. Our achieved emissions reduction in the energy and utility sectors are mainly driven by emission reduction (scope 1 and 2) by the companies since the 2019 baseline year.

Previous years have demonstrated the need to consider both absolute and relative indicators when measuring the emission performance of portfolios. Relative indicators are sensitive to changes in company valuation, whereas absolute emissions are sensitive to strategic shifts in asset allocation. Capital market price changes have a significant impact on reported financed emissions based on the formula applied, resulting in the sensitivity of reported targets. In the long run, it remains our view that alignment with the NZAOA methodology will provide us with a stable and robust metric describing the trajectory of our emission reduction pathway.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

Table 7

Corporate portfolio emissions with commitments or in run-off[1]

	% of financed emissions with SBT[1]			% of financed emissions in run-off under coal/oil sands policy
	2023	2019 (baseline)	Difference	2023
Zurich Corporate portfolio	21.8	14.3	53%	4.7
By investment asset class				
Listed equity	22.2	22.6	(2)%	
Corporate bonds	21.8	13.2	66%	
By region				
APAC	6.3	1.2	448%	18.0
EMEA	32.8	22.9	43%	0.5
Americas	8.6	5.3	63%	1.6
By sector				
Utilities	16.8	14.4	17%	11.5
Government-owned company	40.1	5.4	637%	2.3
Energy	0.0	0.0	0%	0.6

1 Committed or set targets under SBTi.

Table 8

Assets under Management: real estate portfolio

	In scope AuM (USDbn)		
	2022[1]	2019 (baseline)	Difference
Zurich global real estate portfolio	10.3	11.7	(12)%
By region[2]			
APAC	0.1	NA	NA
EMEA	8.3	10.0	(17)%
Americas	1.8	1.7	9%

1 Real estate emissions are only available with a four-quarter lag. Emissions in 2023 will be reported in the 2024 report. Includes investment portfolio buildings only, as own-use buildings are part of our operational emissions target.
2 Direct real estate holdings form the base for the emission reduction targets.

Table 9

Absolute and relative emissions of the real estate portfolio

	Absolute emissions[1,2] (metric tons CO2e)			Relative emissions intensity[3] (kg CO2e/sqm)			
	2022	2019 (baseline)	Difference	2022	2019 (baseline)	Difference	Target
Zurich global real estate portfolio[4]	37,110	53,181	(30)%	16.2	21.6	(25)%	(30)%
By region[5]							
APAC	555	NA		56.0	NA	NA	
EMEA	27,183	41,153	(34)%	17.9	22.9	(22)%	
Americas	9,372	12,028	(22)%	12.4	18.0	(31)%	

1 The CO2e emissions are calculated according to the location-based method. In cases where the data is available or properties use onsite/offsite renewable energies, the market-based methodology is applied.
2 The emission factors are retrieved from the International Energy Agency (IEA, 2020) with the exception of Switzerland for local calculation references (Intep, REIDA 2022 and local authorities) which are aligned with IEA.
3 The relative emissions intensity is calculated based on gross floor area (GFA) of the buildings.
4 Real estate emissions are only available with a four-quarter lag. Emissions in 2023 will be reported in the 2024 report. Includes investment portfolio buildings only, as own-use buildings are part of our operational emissions target.
5 Direct real estate holdings form the base for the emission reduction targets.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

For our direct real estate portfolio, we are aiming to reduce our relative emission intensity by 30 percent by 2025, from a 2019 baseline. Our target includes scope 1 and 2 emissions, the so called 'operational emissions.[1] Carbon emissions intensity has shown a reduction by 6 percent year-on-year and by 25 percent when compared to the baseline year of 2019. Most countries have been actively working towards reducing their emissions, and in 2022, Americas have stood out with year-on-year reductions by 19 percent. These reductions are driven by the **implementation of an AI program** at two of our office properties. This innovative program utilizes AI technology to optimize the operations of building systems, resulting in a **significant reduction in energy consumption**. Both buildings witnessed almost a 40 percent overall reduction. The portfolio also benefited from LED retrofit programs and mechanical upgrades at various properties. The completeness of our emission data – measured by the coverage ratio[2] – increased from 65 percent for 2021 to 82 percent for 2022.

Figure 22
Emission reduction target-setting methodology and scope

Absolute emissions[1]	Relative emissions (intensity)	Key
$\Sigma_{i=1}^{n}\left(\frac{C_i}{EV_i}\times I_i\right)$	$\frac{\Sigma_{i=1}^{n}\left(\frac{C_i}{EV_i}\times I_i\right)}{\Sigma_{i=1}^{n} I_i}$	I: Current value of investment on issuer i EV: Enterprise value of issuer i C: Carbon emissions* of issuer i * Carbon emissions = scope 1 and scope 2 emissions

In 2021, we announced our initial set of interim targets (2025). The targets cover the following:

– Listed equity, listed corporate debt and direct real estate.
– Thirty-six percent of our assets under management in the baseline year of 2019.

We chose to calculate corporate-financed emissions and the resulting relative emissions intensity using the protocol's preferred approach, which is based on enterprise value, not revenue.

While a revenue-based carbon intensity measure is a good way to compare companies based on their size and underlying technology, in line with the NZAOA methodology, we believe the enterprise value approach is a better way to convert a corporation's operational emissions (scope 1+2) into the "financed emissions." This can be attributed to company's underlying equity and/or debt investors, who are ready to take additional responsibility for the emissions. To calculate corporate financed emissions, we use the following methodology:

– Scope 1+2 emissions in line with the GHG protocol are provided by S&P Trucost.
– Enterprise value is defined as the sum of market capitalization of common stock at fiscal year end, the market capitalization of preferred equity at fiscal year end, and the book values of debt and minorities' interests minus the cash and cash equivalents held by the enterprise. When enterprise value is not available (for example for financial companies) it is substituted with market capitalization. Enterprise value data is provided by S&P Trucost.

Market value is defined as the market value of listed equities and listed corporate debt at fiscal year end. While all financial data (enterprise value and market value) is calculated as of December 31 of the reporting year, we use the latest available corporate emission data available as of January each year, when portfolio level financed emissions are calculated on an annual basis. This means that emissions data is systematically lagging. For example, financed emissions for 2023 will be largely based on full-year 2022 emissions data, as full-year 2023 emissions data will only be made available by investees in H1 2025, and tends to flow to data providers via CDP submissions in the fourth quarter of a given year.

1 In line with PCAF Global GHG Standard, see: carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf

Green certified buildings

To increase transparency and improve the quality of our real estate portfolio, we are aiming to increase the share of green certified buildings in our global real estate portfolio to 30 percent by 2025.

1 Scope 1 emissions, also known as direct emissions, are defined as emissions from sources that exist "on site" of an asset. These include primarily emissions from onsite heating systems. A common example of scope 1 emissions for real estate is natural gas and oil burned onsite. Scope 2 emissions are defined as emissions that are related to purchased electricity, heat, steam or cooling. This energy is consumed by the assets but generated offsite.
2 The coverage ratio is the gross floor area (GFA) in square meters (m2) of completed properties for which data is collected as a percentage of the total GFA area in m2 of all completed properties in the portfolio.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

Table 10
% green certified buildings in total real estate[1]

	% green certified buildings					Target
	2023	2022	2021	2020	2019	2025
Zurich Global Real Estate Portfolio	23%	22%	19%	22%	25%	30%
APAC	0%	0%	0%	0%	0%	
EMEA	21%	23%	20%	23%	28%	
Americas	34%	17%	19%	18%	17%	

1 Market-value weighted and based on balance sheet investments, incl. buildings used by Zurich.

The investments in green certified buildings has increased slightly to 23 percent in 2023, compared to 22 percent in 2022.[1] This increase is driven by a higher share of green certified buildings in the US.

Climate solutions
Climate solutions are investments in economic activities that contribute substantially to climate change mitigation (including enabling activities) or adaptation. These are solutions that reduce greenhouse gases by avoiding emissions and/or by sequestering carbon dioxide already in the atmosphere. Further examples of solutions include investments in climate change adaptation that contribute to enhancing adaptive capacity, strengthen resilience and reduce vulnerability to climate change.

Our targets for financing climate solutions enhance our existing long-term engagement to provide green financing solutions under our impact investing strategy and also count investments in green certified buildings. For further information on our impact investment approach, please see pages 176 to 177.

Table 11
Climate solutions

	2023	2022	2021	2020	2019 (baseline)	Difference (to baseline)	Target
Climate solution investments (USDm)	9,272	8,192	8,203	8,054	7,408	25.2%	upward trend
of which green impact investments[1]	5,792	4,640	5,115	4,424	3,662	58.2%	
of which green certified buildings[2, 3]	3,480	3,552 [5]	3,088	3,631	3,747	(7)%	
Million metric tons CO_2e avoided through climate-related impact investments[4]	4.5	3.2	4.6	2.9	2.8	58.9%	5

1 Values refer to the environmental share of our impact investments displayed in Table 13: Impact investing portfolio on page 177.
2 Green certified buildings based on balance sheet investments, incl. buildings used by Zurich.
3 Values refer to the share of green certified buildings of our global real estate portfolio displayed in Table 10: % green certified buildings in total real estate on page 174.
4 Impact numbers for 2021 and following include methodology upgrade, as explained in our impact measurement methodology paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-impact-measurement-framework.pdf
5 The reevaluation in Austria also affected the 2022 year and the value has dropped from USD 4,035m to USD 3,552m.

Other Responsible Investment KPIs
At Zurich, we aim to create value for both our company and for society as a whole. As part of this approach, we expect and monitor our asset managers that they integrate ESG factors i.e. to fully reflect the risks and opportunities associated with ESG factors when choosing assets for our portfolios. We have implemented a global set of policies and investment processes across our entities to ensure a consistent approach to the integration of ESG topics. Through ESG integration we price and manage financially material sustainability risks and opportunities. Investments may also enable economic activities that can have positive impacts on our environment and society. We use various third-party data providers that provide information on the most material ESG risks and opportunities, as well as adverse impacts and ongoing controversies per company in the context of the sector they operate in. We have integrated ESG information, including climate data, into our systems and have information about the environmental, social and governance performance of our portfolios.

1 Due to a reevaluation of Austrian assets from green building certification to energy performance certifications the share in 2022 is 22 percent, 3 percent lower than stated in last year's report.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

In addition, our in-house portfolio managers and analysts have direct access to ESG research and analysis sourced from specialized providers and are trained to assess these risks and opportunities.

The following section shows the progress we have made with our responsible investment strategy in 2023 and in the past. Our responsible investment strategy is aimed at successfully managing Zurich's proprietary investment assets, while mitigating costs to the environment and delivering benefits to society. Our strategy is based on three pillars:

- **ESG integration:** integrate ESG factors into the investment process – across asset classes and alongside traditional financial metrics while generating superior risk-adjusted, long-term financial returns.
- **Impact investing**: build an impact investing portfolio that makes a positive contribution to the environment and society, to improve the lives of 5 million people and to help avoid the emission of 5 million metric tons of CO_2e per year.
- **Advancing together**: make responsible investment mainstream through interaction with other industry participants and engaging with policy makers to build markets in which ESG risk is priced efficiently and decarbonization is incentivized.

Table 12
Investment portfolio managed by responsible investors

	2023	2022	Change (2023 to 2022)	2021	2020	2019
Assets managed by responsible investors[1]	99.8%	99.6%	0.3 pts	99.6%	99.6%	98.2%
Total amount of impact investments (USD millions)	7,882	6,328	24.6%	7,037	5,770	4,555
% of Investment portfolio	4.6%	3.8%	0.8 pts	3.3%	2.5%	2.2%
Investment portfolio (USD millions)[2]	171,200	168,478	(2)%	211,334	226,389	204,803

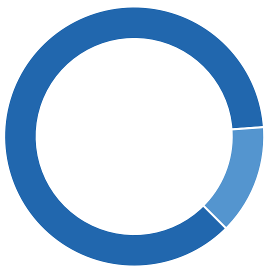
1 A United Nations supported PRI signatory or asset manager that fulfills our minimum requirements for ESG integration. Please see our responsible investment white paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/responsible-investment-at-zurich.pdf
2 Investment portfolio is calculated 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.

Proxy voting

As part of our active ownership strategy, we require all our managers for listed equities to exercise their voting rights on directly held equities. For our in-house asset management, we seek that outcomes of engagements are linked to the proxy voting process to form a consistent active-ownership approach. This means that where engagement as part of our net-zero program fails and companies refuse to set targets after due dialogue, we will vote against board members at shareholder meetings.

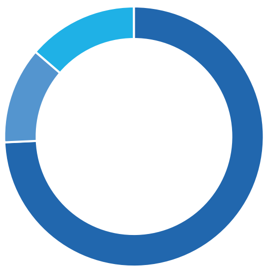
Figure 23
Proxy voting

Our voting activities



Votes cast	86%
No votes cast	14%

Our voting behavior



Voted with management	74%
Voted against management	12%
No votes cast	14%

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

In 2023, we voted 86 percent of our in-scope equity. Approximately 80 percent of our equity investments are in scope for proxy voting.[1] The share of voted equity remains stable over the past years, reflecting the successful full rollout of proxy voting to Zurich's externally managed equity portfolios. We measure the votes we cast based on assets under management. Reasons for votes not cast are a combination of portfolio turnover, cost/benefit considerations and voting restrictions (such as demands to vote in person, share blocking or requirements that increase the cost of voting).

Case study

During AGM Season 2023, we analyzed and voted on more than 50 climate-related proposals submitted to shareholder votes, endorsing proposals driving sustainable practices and reducing carbon emissions.

For instance, we used our proxy voting rights during the Annual General Meeting of a major fossil fuel production company to extend our support to a shareholder proposal demanding the establishment of Scope 3 targets. This proposal stressed the critical necessity for the energy company to implement a medium-term emission reduction target specifically addressing greenhouse gas emissions stemming from the utilization of its energy products.

The decision to lend our support to this proposal was motivated by the notable absence of progress exhibited by the energy company in the realm of climate mitigation, particularly when compared to its peers in the industry. We firmly maintain that companies involved in fossil fuels should have a credible and ambitious transition strategy and should commence this transition without delay to realign their actions with global climate objectives in accordance with the Paris Climate Agreement.

Impact investing

Impact investments are investment opportunities that allow us to intentionally target a specific and measurable social or environmental impact. Zurich has set a target to help avoid 5 million metric tons of CO2e emissions per year, and, separately, make a positive contribution to the lives and livelihoods of 5 million people through its impact investing portfolio. We also committed to investing 5 percent of our proprietary investment portfolio to impact investments by end 2025, which will help grow our allocation to climate solutions and investments benefiting society.

We are proud that our impact investment approach won two awards in 2023, recognizing our thought leadership as institutional investor in this area.

Environmental Finance IMPACT Awards 2023 Winner Re/insurer of the year

Environmental Finance Sustainable Investment Awards 2023 Winner Re/insurer of the year

In 2023, our **impact investing portfolio of USD 7.9 billion** helped **avoid a total of 4.5 million metric tons of CO2e emissions** and **benefited 4.6 million people**.[2] As in the previous year, we see the majority of 'avoided emission' coming from our green, social and sustainability bond portfolio, while private equity is also a large contributor to 'people benefited'.

After engaging in impact reporting for several consecutive years, we have witnessed positive changes in the landscape, including a notable increase in standardization and clarity. The dedication to precision in both reported and actual impact measures reflects heightened efforts by impact managers, particularly in measuring the real impact post-project development. Additionally, we have noticed a growing trend where impact managers exercise conservatism in defining the scope of reported projects.

Furthermore, our own impact portfolio has undergone transformations due to bond maturities and exits in portfolio companies. These shifts have contributed to the fluctuation in impact numbers on a portfolio level from year to year. Despite this volatility, we view these developments as positive news for the industry, recognizing that enhanced measurement practices lead to more effective impact management.

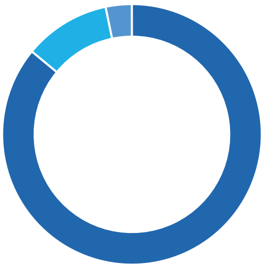
1 Please see proxy voting policy for further details: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-proxy-voting-policy-and-guidelines.pdf
2 Please see www.zurich.com/sustainability/customers/investing-responsibly/impact-investment for more details on impact investing approach. Impact numbers for 2021 and following include methodology upgrade, as explained in our impact measurement methodology paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-impact-measurement-framework.pdf

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

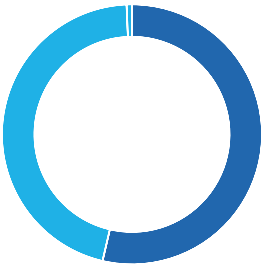
Figure 24
Impact metrics

4.5 million metric tons CO2e emissions avoided



Green, Social and Sustainability bonds	86.0%
Impact private equity	10.8%
Impact infrastructure private debt	3.2%

4.6 million people benefited by positive contribution to their lives and livelihoods



Green, Social and Sustainability bonds	53.7%
Impact private equity	45.7%
Impact infrastructure private debt	0.7%

Table 13
Impact investing portfolio

	2023	2022	Change (2023 to 2022)	2021	2020	2019
Total amount of impact investments (USD millions)	7,882	6,328	25%	7,037	5,770	4,555
Total amount of impact investments - environmental share	73%	73%	NA	73%	77%	80%
Total amount of impact investments - social share	27%	27%	NA	27%	23%	20%
Green, Social & Sustainability bonds (USD millions)	6,857	5,247	31%	5,846	4,677	3,645
Impact private equity (USD millions)	216	213	1%	211	189	163
Impact infrastructure private debt (USD millions)	808	867	(7)%	980	904	747

Case study

Private equity as an asset class is particularly suited to impact investing: the companies receiving capital from private equity investors usually tend to be small and agile, and more easily evaluated against impact objectives. An illustrative example is Zurich's investment in a private equity fund that holds equities in NG Group (NG) since 2017.

NG is an enterprise contributing to sustainable development by repurposing waste from household and industries. Its services extend from waste sorting to mass recycling, including separating contaminated and dangerous waste in order to provide appropriate treatment. Such services are essential to ensure that potentially heavy polluting waste is safely processed and is not discarded in a harmful way to people or the environment. At the other end of its processing line, NG also acts as a market for recovered resources including plastic and other materials linked to the extraction of natural resources. This service is core to its mission of abolishing waste and is a major step towards the circular economy. Zurich's investments helped to avoid approximately 12,000 metric tons CO2e through NG Group recycling activities, such as sending waste to material recycling compared to extracting virgin materials.

We employ private equity investments to foster a positive impact in supporting NG's mission to advance the circular economy. Zurich's investment in NG is aimed at facilitating innovative business models that enable the repurposing, reutilization and repair of materials already in circulation for a transition to the low carbon economy.

Advancing together

Responsible investment will only have an impact if this approach becomes mainstream. Supporting collaborative initiatives and joining member-led organizations to advance responsible investment practices forms an integral part of our approach.

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

We have signed the UN-backed PRI as well as the Principles for Sustainable Insurance (PSI) and collaborate with several industry initiatives and research bodies. For instance, we are a founding member of the UN-convened Net-Zero Asset Owner Alliance (NZAOA), co-chairing it's Policy and Transition Finance work tracks, demonstrating leadership in addressing climate change by committing to ambitious targets but also benefiting from having access to resources, tools, and expertise provided by the UN and other partners. We are also founding member of the Investment Leaders Group, facilitated by the Cambridge Institute for Sustainability Leadership, working on developing and promoting best practices for responsible investing. We are Executive Committee members of the Green and Social Bond Principles and represent asset owners on the Advisory Board of the Operating Principles for Impact Management.

Own Operations

Our operational sustainability framework applies to daily operational processes such as the provision of workplaces, information technology, travel and transport, and the procurement of goods and services. The framework follows four core principles:

Transparency:

We report on the carbon dioxide equivalents (CO2e) of the following sources of emissions to track progress towards our science-based targets for reducing emissions, in line with efforts to cap global temperature rise at 1.5°C:[1]

- Scope 1 emissions from fleet and onsite heating in our workplaces.
- Scope 2 emissions from purchased electricity, heat and steam in our workplaces.
- Scope 3 emissions from air, rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impact.

Accountability:

We set clear targets to demonstrate accountability for our operational footprint.[2] See our operational emissions reduction targets and our performance in the table below.

We have been carbon neutral since 2014 through the use of high quality offsets, which we apply only after prioritizing emissions reductions. In 2021 we launched our path to net-zero operations with our first carbon removal purchases.[3]

Zurich also has set an internal price on carbon. In 2023 the price was USD 50 per metric ton. The price is applied to actual emissions to determine the value of our carbon fund which supports our carbon neutrality and net-zero carbon commitments, and other innovative solutions to drive down emissions from operations, as well as those from other sources related to our business. The fund is governed by the SLC.

Collaboration:

We can only be successful if we address sustainability risks and opportunities together. In addition to cross-functional collaboration, which is required internally to deliver our operational sustainability agenda, we focus on: employee engagement including raising awareness of the importance of making responsible and sustainable choices, engagement with our supply chain, and other external stakeholders such as universities, and NGOs to share knowledge, promote research and improve our own understanding of evolving operational sustainability risks and opportunities.

Continuous improvement:

Zurich's operational sustainability is based on a model of continuous improvement of processes: we focus on increasing the quality of our engagement, data transparency, and data coverage.

1 Cover-More, Farmers Group, Inc. and its subsidiaries, joint ventures and third party vendors are out of scope.
2 See 3. Governance: embedded in our governance framework on pages 135 to 136.
3 For further details about our approach to net-zero in our operations, visit our website: www.zurich.com/sustainability/planet/net-zero-in-operations

4. Our planet: Drive positive impact (continued)

4.4.2 Our performance metrics (continued)

Please see the table below for progress on Group targets for our own operations against a 2019 baseline.[1]

Sustainable operations

Table 14

Absolute carbon emissions coming from our own operations[1]

		2023	2023 Progress against baseline	2022[2]	2022 Progress against baseline	2019 (baseline)	Target reduction 2025	Target reduction 2029
Absolute carbon emissions	Total	60,701	(66)%	55,118	(70)%	180,805	60%	70%
Absolute reduction in all operational emissions	Final	35,701		55,118				
	Initial estimate [3]	25,000						
Scope 1 + 2 emissions	Total	20,524	(57)%	21,227	(56)%	48,290	62%	80%
Reduction in emissions from the fleet and onsite heating as well as from purchased electricity, heat and steam (e.g., district heating)	Final	15,524		21,227				
	Initial estimate [3]	5,000						
Scope 3 emissions	Total	40,177	(70)%	33,892	(74)%	132,515	60%	67%
Reduction in operational emissions resulting from air,[4] rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impact	Final	20,177		33,892				
	Initial estimate [3]	20,000						

1 Cover-More, Farmers Group, Inc. and its subsidiaries, joint ventures and third party vendors are out of scope. We plan to include the aforementioned subsidiaries in the reporting for the financial year 2024. Data in the table shown as metric tons of CO_2e.
2 www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/Zurich-environmental-performance-data-2022.xlsx
3 Emissions related to facilities data (electricity, heating and waste) and employee commuting are impacted by a time lag and are therefore estimated. Final data will be published in Q2 2024 on our website.
4 DEFRA emissions factors for air travel have not been updated to reflect the 2023 revision considering DEFRAs application of 2021 load factors in their most recent calculations. This would have inflated air emissions by an estimated 20% and would not reflect an accurate view of Zurich's travel activity.

In 2023, we announced the inclusion of an operational emissions target within the LTIP for the Group's senior positions, including the ExCo. The 2023 data still includes an estimation for employee commuting emissions (which are part of the LTIP scope) and facilities data. Further information can be found in the remuneration report on pages 88 and 110.

We have included estimated emissions for the purpose of presenting a total operational footprint for 2023,[2] comparable to previous years' performance.[3]

As anticipated, we continued to transition to the post pandemic world, hence emissions increased compared to 2022. This was mostly driven by increases to commuting emissions as workers spent more time in the office, and increases in business travel occurred. While we maintain our ambition to keep air emissions 70 percent below 2019 levels in the long run, prioritizing the needs of our customers and partners has resulted in a reduction in air travel emissions of 66 percent. We are watching developments in the sustainable aviation fuel (SAF) market to understand if, in the future, we can supplement minor shortfalls to our ambition with SAF purchases. We continue to make progress towards emissions reductions in our car fleet as we work towards our goal to fully electrify our car fleet by 2029, per our EV100 commitment.[4]

1 Zurich's environmental reporting methodology follows the GRI Standard, which is based on the requirements of the Greenhouse Gas Protocol Corporate Accounting Standards. For more details on methodology visit our website: www.zurich.com/sustainability/planet/net-zero-in-operations
2 Cover-More, Farmers Group, Inc. and its subsidiaries, joint ventures and third party vendors are out of scope.
3 Final figures will be presented upon conclusion of the reasonable assurance audit in Q2 2024.
4 EV100 is a global leadership initiative bringing together influential businesses committed to accelerating the transition to electric vehicles.

5. Our customers: Their needs are at the heart of everything we do

Our customers

Building a brighter future together with our customers.

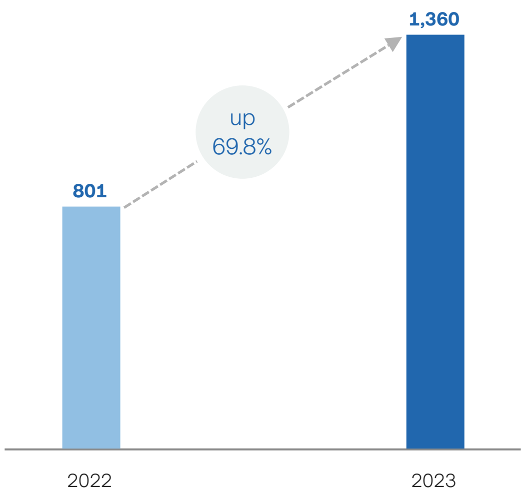
Our customers are at the heart of everything we do. During our last financial cycle, we defined our new purpose – Create a brighter future together – alongside a new brand framework, defining our values and behaviors as well as our promise to our customers: Your needs at the heart of everything we do. We also defined the experience that we want our customers to have. In 2022, we launched our new customer experience vision: 'Build a meaningful relationship', which aims to transform our transactional sales process and provide a more personalized approach.

In 2023, we have made visible progress on all our strategic priorities by delivering on our Brand Strategy and our Customer Experience Strategy, enhancing customer capabilities with our employees through structured training programs delivered group-wide, and delivering value to our customers from the optimal and responsible use of customer data, insights and analytics. Today, we are more capable than ever to understand our customers' needs and expectations to create relevant, innovative products and frictionless customer experiences.

> At Zurich, we don't insure against. We ensure for. We understand that our customers' needs are as unique as they are. That's why we offer personalized solutions to help them prevent and manage risk, achieve their goals, no matter how big or small, and thrive.

Conny Kalcher
Group Chief Customer Officer

Revenues[1] from sustainable solutions in 2023
USDm



1 Due to the adoption of IFRS 17 'Insurance Contracts' in 2023, the measurement of revenues from sustainable solutions in our Life business was remeasured and aligned to net flows.

High and stable retention[2]

Retail	81.6%
CI	88.6%
CLP	93.5%

Providing innovative solutions for our customers

- **Wellbeing - LiveWell**
- **Equity fund - Investments**
- **Digital solutions - Global ventures**

2 Customer retention rate for Retail & CLP business, Premium retention rate for CI business.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.1 Customer experience and customer-centric solutions

To provide our customers with the experience that we want them to have, we defined the Zurich Customer Experience Standards (Zurich CX Standards), for Retail (2021) and Commercial Insurance (2022) that our entire organization can strive towards. These standards aim to go above and beyond local laws and regulations to address our customers' evolving needs. They cover a range of touchpoints throughout the customer journey and are set at three different levels of ambition to 'meet customer expectations' beyond regulatory requirements, to 'exceed their expectations', and ultimately to 'make us unique in their eyes'.

These standards inform initiatives at both Group and local level, including the development of sustainable options or alternatives throughout our retail products and services, as well as foster behaviors that consider customers' physical, mental, financial and social wellbeing at all times. We periodically assess each business unit to evaluate our progress against these standards, set targets for improvement and define actions to be taken – obtaining a global view on how our customers experience our brand to date.

Initiatives that help improve performance to meet Zurich's CX Standards are centrally recorded, tracked and mapped against customer KPIs, notably through transactional Net Promoter Score (tNPS)[1] and verbatim, and relational Net Promoter Score (rNPS). Our commitment to providing exceptional customer experiences has led to significant improvements in speed, responsiveness, and empathy across multiple geographies and customer journeys, reflected in a global tNPS increase of 13 points since 2019.

As an example of how Zurich CX Standards are applied, in 2023, we launched **Zurich One:** a customer portal and app designed to meet multiple Zurich CX standards, including, for example, digitalizing all customer documents and giving customers the ability to know the status of a process (e.g. a claim) at any given time. The first version of the portal was launched in Italy in the third quarter of 2023.

In 2023, we also expanded to a total of 5 countries and accelerated the implementation of our Customer Centricity Program, successfully introduced in 2022, which aims to meet our promise to our customers by shifting our relationships from transactional to deeper and more meaningful ones that increase loyalty. It is a **customer-focused distribution and sales approach** based on extensive customer data analytics and improved understanding of customer needs, supported by our centralized Customer Intelligence Platform, where we report and analyze customer data. The program helps inform the development of better and more targeted propositions and campaigns.

We acknowledge that customers can be exposed to different triggers at different stages of the customer journey which can hinder our ability to deliver on our customer promise. By understanding and anticipating their needs and delivering relevant, personalized propositions and seamless experiences, we contribute to mitigating the risk of designing products, services and experiences that do not meet the needs of our customers.

1 tNPS provides us with feedback on our performance in the eyes of our customers and delivers insight on how specific interactions affect their experience.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.1.1 Revenues from sustainable solutions

Measuring our sustainable solutions through our internal definition

In 2021, we established our own definition of sustainable solutions and measured their associated revenues for the first time. A solution must undergo a thorough assessment and meet our **stringent criteria** to be included and reported as sustainable revenue. Any new solutions brought forward by the countries are approved on a quarterly basis by our dedicated advisory group.

Table 15

Internal definition of revenues from sustainable solutions

The term sustainable solution refers to insurance products, add-on coverages, investment products and advisory services that are designed or adapted to support activities that generate a positive environmental or social impact and contribute to the mitigation of climate risks.

The table below provides detailed examples of revenues from sustainable solutions across three categories (environmental, social and investment).

Revenues from sustainable environmental solutions	Solutions related to technologies and/or activities that have an impact on reducing greenhouse gases, preserve or enhance biodiversity as well as enable the responsible use of natural resources. These solutions aim to mitigate and support resilience against the adverse impact of environmental-related risks on our customers.	Examples include: – Insurance coverage for electric vehicles. – Insurance coverage for carbon mitigation solutions. – Risk prevention services that contribute to more customer awareness and resilience to the adverse impacts of climate change e.g., flood resilience.
Revenues from sustainable social solutions	Solutions that enhance the social or financial inclusion of socially disadvantaged people, or are designed to incentivize healthy lifestyles and safe behavior.	Examples include: – Life protection for customers with existing chronic diseases such as diabetes or cancer. – Life protection policies sold in a bundle with LiveWell. – Micro-insurance for low-income customers, e.g., insurance for smallholder farmers.
Revenues from sustainable investment solutions	Investment products with a focus on sustainability both specific, and not-specific, to environmental and social aspects.	Examples include: – Unit-linked products investing in funds focused on sustainable environmental and social factors, e.g., ESG funds.

Several products incentivize health, safety, and/or environmentally responsible actions/behaviors for our customers. Here are some examples:

As part of our workers' compensation proposition in Australia, we assess **all** physical injury claimants for mental health risk factors. If the assessment shows the possibility of poor mental health, we **proactively** link our customers with support services to help them cope and address any potential mental health issues. This aims to provide assistance to customers who may not have recognized or sought mental health support before.

In North America, Zurich Resilience Solutions (ZRS) helps customers to have the programs and training they need, to effectively spot potential human trafficking exposures. We also acknowledge that human trafficking is not limited to sex trafficking and provide guidance on how to spot potential exposures in their supply chains.

ZRS in the UK offers a service that reviews new build designs and considers property-related issues. These include overall:

– construction type and system
– fire performance from a property protection perspective
– flood resilience and resistance measures
– potential security exposures and protections and other perils such as escape of water vulnerabilities and suitable prevention measures

5. Our customers: Their needs are at the heart of everything we do (continued)

5.1.1 Revenues from sustainable solutions (continued)

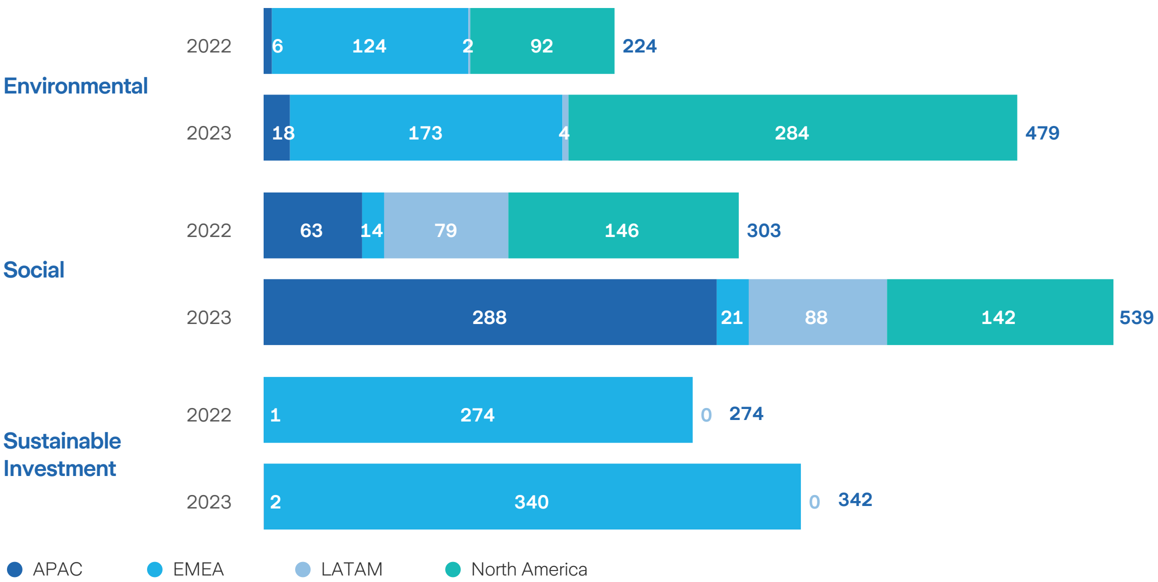
In Switzerland, damage coverage linked to the Sharely platform, encourages people to lend their items by renting them out, for example, garden tools such as lawnmowers, hedge trimmers, or carpet cleaning products for your home, as well as e-bikes. Encouraging this behavior reduces the need to buy new which saves resources and reduces additional carbon generation.

Sustainable solutions meeting our internal criteria generated USD 1.4 billion (1.7 percent of our total gross written premiums, fees and net flows) in revenues during 2023 (USD 801 million in 2022). We continue to **strive** to create new solutions that help our customers on their journey to becoming more sustainable.

Since 2022 we have increased our approved solutions across our environmental, social and sustainable investment categories from 247 to 335 in 2023, mainly driven by our environmental category with 78.

Figure 25
Revenues from sustainable solutions split by region & sustainable category

In USD millions



EMEA contributes USD 533.9 million (39.3 percent), an increase of USD 122.3 million. This is mainly driven by increased revenues generated from our existing approved sustainable investments solutions category, at USD 129.9 million from unit-linked manged accounts and individual funds, coupled with the contribution from the environmental category (USD 20.9 million mainly through electric vehicle (EV)) solutions from Germany. Switzerland also contributes with an increase in revenues from existing approved EV solutions of USD 20.0 million. This is offset by a reduction in revenues from existing approved solutions in Italy of USD 68.1 million (ESG unit-linked).

North America contributes USD 426.4 million (31.4 percent) an increase of USD 189.0 million. The increase from North America is mainly driven by a newly approved environmental solution in 2023 for portable electronics (USD 131.7 million), an appliance warranty product that is a service contract, where repair has priority over replacement. In almost all cases the devices are repaired. We have also seen an increase in the revenue generated from existing, approved renewable energy solutions (USD 24.0 million) and EV solutions (USD 15.2 million).

APAC region has seen a large increase of USD 237.4 million from our social solutions and is driven by two newly approved solutions in 2023, coming from Japan in personal accident coverage, both for the elderly (USD 196.2 million and low income individuals (USD 70.0 million), with a combined revenue of USD 266.2 million. This has been slightly offset by the sale of some of our business.

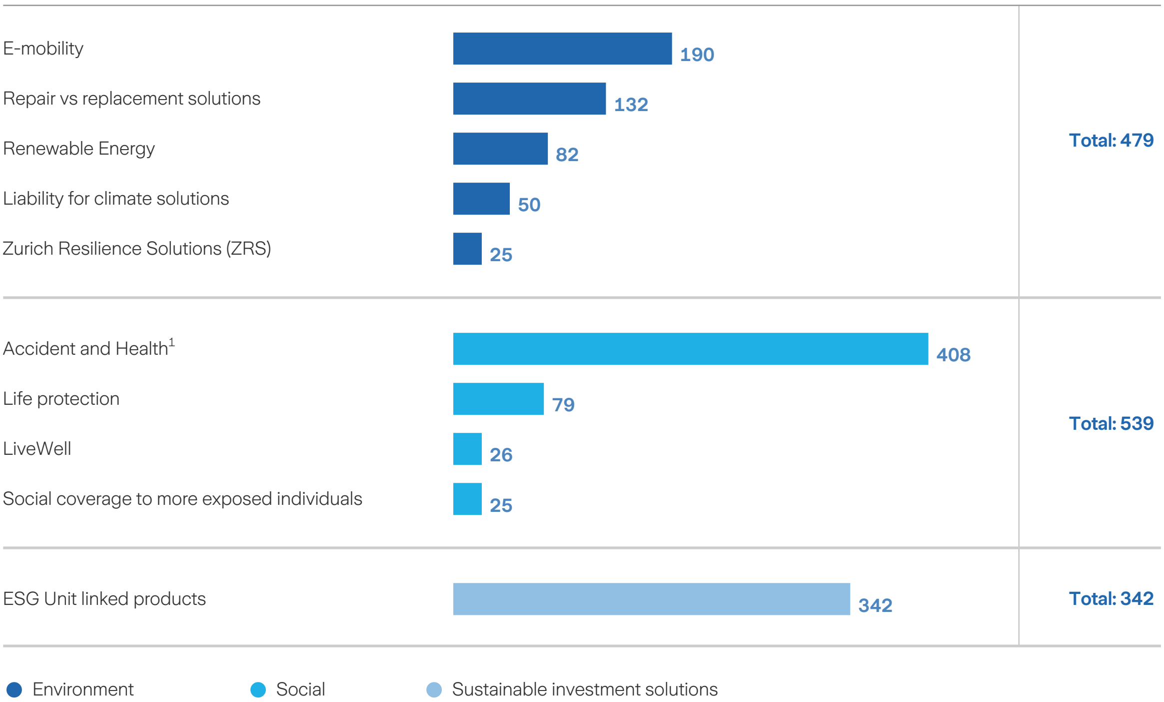
5. Our customers: Their needs are at the heart of everything we do (continued)

5.1.1 Revenues from sustainable solutions (continued)

Figure 26

Revenues from sustainable solutions by product category

In USD millions



1 Includes social solutions from ZRS.

Our environment solutions totaling USD 478.6 million consist of e-mobility, (USD 189.6 million), providing cover for EVs plus theft of charging cables, damages to home infrastructure (home charging) and liability for charging stations, battery cover and protection against loss/theft of the charging card. Repair vs replace solutions contribute USD 131.7 million, and renewable energy solutions (USD 81.9 million) provide liability cover for large scale production of renewable energy, i.e. hydro-electric, wind, geothermal and solar, as well as the installation of small photovoltaic systems mounted on balconies to support the power generation on property.

Social solutions, our biggest contributor with at total of USD 538.9 million, are providing affordable accident and health cover to more exposed individuals i.e., they find it difficult to obtain insurance owing to the nature of their work (gig and truckers) and households with low income (those earning less than the national average in some countries) standing at USD 408.4 million. Our approved Life protection solutions are following the same approach as the accident and health category by providing cover to those who could not ordinarily afford it and contribute USD 79 .0 million.

Sustainable investments solutions coming from our ESG unit-linked products are contributing USD 342.2 million to our total sustainable revenues for 2023. These solutions are mainly coming from EMEA region with Germany's savings and pension plan providing for USD 285.3 million, Italy's ESG unit linked pension products contributing USD 38.7 million and Switzerland providing USD 15.0 million from its Green bonds and Zurich Carbon Neutral World Equity Fund.[1]

1 See section 5.1.2 Innovating for our customers - Unit linked business on page 186 for further information.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.1.1 Revenues from sustainable solutions (continued)

Case study

Repair vs replace solutions

In our North America commercial business there are two new solutions for warranties, one an appliance warranty product that is a service contract, where repairing the product has priority over replacement. In the case of damage almost all the time, devices are repaired, thus reducing the electronic waste going to landfill sites. In case of inability to repair, a new device of like kind is used as a replacement.

A second solution specifically focuses on home appliances. Home warranty uses the most resource-efficient (e.g., energy star rating) appliances to replace broken ones. When a replacement is necessary, within the cover there is a directive to source the most energy efficient models or party, therefore encouraging customers to change their behavior.

Innovative home solution

In 2023, Hong Kong developed a new home solution in its retail market. The home insurance plan takes a holistic approach to making your property more sustainable by:

- Providing a referral service to help recycle home electronic goods
- Encouraging recycling by incentivizing repair instead of replace with additional claim quotas.
- Including the installment of solar panels into the building cover to support the use of renewal energy.
- Incentivizing saving electricity with an e-voucher for year-on-year electricity savings.

5.1.2 Innovating for our customers

We believe insurance can make a **significant contribution** to the change required to achieve the low-carbon transition. We work with customers and collaborate with public and private organizations to **develop innovative solutions** that enhance resilience and help prevent or minimize damage and harm from climate-related perils. Our insurance and risk management solutions are developing with the release of new technologies, business models and approaches that are needed to achieve a climate-neutral economy. Our expertise helps with the management of the associated risks during implementation. We use capital markets to search for and fund solutions to many pressing social or environmental issues. Our sustainable revenues provide our customers with innovative solutions, for example, one life insurance solution includes additional services to promote a healthy lifestyle, such as an active health program, nutritional consultation, health check, and second medical opinion without any extra cost to the customer.

Climate Resilience offering

Zurich Resilience Solutions advisory service builds on more than a **decade's experience i**n Zurich's natural hazards assessment methodology, expanding to climate change and addressing needs beyond immediate insurance requirements.

Our dedicated Climate Resilience team brings together **experts in multiple disciplines,** all of which are needed in order to assess the impact of climate change on a customer's operations and propose adaptation measures. From climate data, data analytics, mathematics, atmospheric and environmental science, to engineers specialized in climate change and natural hazards resilience assessments – we put our knowledge and data to work to assist customers in their climate adaptation journey. The output of our service helps businesses better understand how climate change risk may affect their operations, strategy and financial position. It also helps them complete their climate disclosure requirements (i.e. TCFD, EU-mandated disclosures and other relevant frameworks) and ultimately strengthen their resilience to climate risks.

2023 was another year where many more organizations had additional requirements to act on climate risk, motivated by climate-related losses, disclosure requirements or stakeholder demands. In response to this need, we have **expanded** our offering in the following ways:

- We enhanced our capabilities and increased the range and diversity of expertise and skill sets in our team.
- Our climate resilience portal evolved further, to meet customer demand and needs. It reflects the needs of a wide range of stakeholders in our customer organizations who are using our portal to better visualize and communicate climate risks, leading to a clearer strategy on implementation of adaptation measures. The output of the climate resilience portal maps the evolution of elements critical to business under different climate scenarios and time horizons. Part of the output is also the **prioritization** of high-risk sites, for a deeper analysis of their vulnerabilities, allowing the development of a climate adaptation plan.
- We served customers from multiple industries, extending our services from the corporate to the local government sector.
- We formed an alliance with an external consulting firm in order to provide customers with a holistic view of climate risk, both from a physical and a transition risk perspective.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.1.2 Innovating for our customers (continued)

Unit-linked business

We continue our **strong focus** on responsible investment in the Life and Wealth Business. It is our ambition to provide each customer with a range of investment solutions that not only meet our high-quality standards, but also their sustainability preferences and beliefs. There is a combination of Group-wide and local initiatives underlining this effort.

Our Zurich Carbon Neutral World Equity Fund is a strong example of our Group initiatives which was launched in 2021. The fund combines a well-diversified investment in global equities across developed markets with a low carbon investment strategy and carbon-offsetting.[1] The fund is aligned with the goals of the Paris Agreement and is available in eight different countries. As of December 2023, the fund had net flows of EUR 267 million with Assets under Management reaching EUR 591 million.

Since the fund's launch, we have received positive feedback from our customers and distributors, which has inspired us to expand and refine our offering. In May 2023, we introduced a revised benchmark for the Zurich Carbon Neutral World Equity Fund, adding a sustainable investment threshold at the benchmark level as well as requiring an **increased share of green revenues** from the fund's investment holdings. We also applied **stricter exclusions** related to controversial sectors. We implemented these tighter investment restrictions to further improve the sustainability profile of the fund. The fund's benchmark index is overseen by an external service provider.

In addition to the Group-wide initiatives, we are proud of local initiatives that further demonstrate our commitment. One example from Germany, is the Managed Accounts ETF Climate Focus, which received the Cash Financial Advisor Award in 2022. Building on this success, the proposition was onboarded in 2023 by Deutsche Bank, the largest distribution partner of Zurich Germany, and is included in the offerings to its customers.

Zurich Global Ventures

Focused on innovating the customer experience, Zurich Global Ventures develops digital products and services to help individuals and businesses be better prepared for the future. Where insurance traditionally provides customers with risk transfer, Zurich Global Ventures also **helps customers prevent risks.** This includes supporting customers in their sustainability journeys to help them address expanded environmental and societal issues. Here are some key initiatives:

LiveWell encourages users to improve their **wellbeing** through a behavioral science approach, spanning physical, mental, social and financial health, and enters partnerships to build a broad wellbeing and 'do good' ecosystem. In 2023, together with the Z Zurich Foundation and based on materials developed and field tested by UNICEF, it launched Connecting Generations, a new digital tool – available to anyone, at any time – to help caregivers better support their own mental wellbeing and that of the adolescents and the young people they care for.

Cover-More continuously innovates to help travelers stay connected, are protected and safe at every step of their journeys. In 2023, it established a third sophisticated Command Center in the UK, which together with the existing centers in Canada and Australia, give travelers unprecedented access to 24/7 travel risk management and assistance services. With its ability to provide travelers with **real-time,** proactive safety information and tap-to-call assistance at their fingertips, Cover-More's app for leisure travelers was awarded the prestigious 'Travel Insurance Product Innovation of 2023'[2] Another example is Cover-More's digital-first proposition, Freely, which allows travelers to **tailor their policies** on the go to ensure they are protected at all times. Equipped with motion detection functionality, the Freely app can sense when a customer gets, for example, on a motorbike. The customer is then prompted to ensure they have the right cover insurance for that activity, and if they don't, they can purchase it straight away through the app and get protection in minutes.

BOXX, a cyber-security company which Zurich Global Ventures has invested in, has the purpose to make the digital world a safer place. Through its prevention, mitigation and recovery solutions, BOXX helps build more digitally resilient communities – supporting individuals, families, and small and medium-sized businesses.

1 For the carbon offsetting, Zurich partners with one of the largest REDD+ peat swamp forest projects in the world. REDD+ is a United Nations-backed framework that aims to curb climate change by stopping the destruction of forests. REDD stands for "Reducing Emissions from Deforestation and forest Degradation"; the "+" signifies the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.
2 Travel Product Innovation award - Awarded by the International Travel & Health Insurance Journal (ITIJ).

5. Our customers: Their needs are at the heart of everything we do (continued)

5.2 Customer retention

Figure 27
Retail[1]

Retention rate 2022

83.2%

Retention rate 2023

81.6%

We continue to focus on our customer ambition "to become the insurer of choice for our customers by earning their loyalty" and measuring customer revenue retention to track our progress. Customer retention rate for retail remains stable across most markets, despite economic pressure due to rate increases and a challenging macroeconomic environment. At the same time, we have accelerated our partnership building capabilities, broadened our access to large customer bases and enriched the experiences we deliver through them. This has resulted in strong acquisition rates through the growth of our core customer base as well as **key partnership** renewals in Germany, Spain, UK, Brazil and Chile.

Figure 28
Commercial Corporate Life & Pensions (CLP)[2]

Retention rate
2023

93.5%

Our Corporate Life and Pensions (CLP) business has 51,594 customers globally[2]. CLP enjoys long-term relationships with customers due to its proven relationship management model, with dedicated specialists both locally and globally who focus on our strategic distributor and customer relationships. In 2023, we grew the customer base by 8.5 percent, primarily driven by **innovative products** and distribution channels in markets including Australia (Zurich Corporate Care product) and Italy (4care partnership), the successful launch of a digital SME portal in the UK, and growth in our employee benefits captive and Europe Freedom of Service businesses. CLP continues to **invest** in technology platforms so that it can both reach new customers and serve existing customers better and more efficiently.

Figure 29
Commercial Insurance - P&C[3]

Premium retention rate 2022

87.8%

Premium retention rate 2023

88.6%

In Commercial Insurance, we have continued to execute our customer-focused strategy throughout 2023, successfully achieving customer growth and premium retention whilst maintaining underwriting discipline. Adoption and commitment to our Customer Experience Standards has reinforced our focus on the needs of both our **existing and new customers.** This has enabled us to achieve desired retention levels while attracting new customers to the portfolio. Our ongoing pursuit of success in maintaining customer satisfaction and loyalty is a multifaceted approach and through the roll out of our Broker Experience Standards (Zurich BX Standards) we have continued to build upon the existing strong relationships with both our valued customers and trusted distribution partners. These partnerships extend across multiple geographies and segments, enabling us to effectively serve a diverse range of clients and seize opportunities for growth.

1 The customer retention rate is calculated based on retail core customers, excluding our affinity partners in Brazil, Germany, Indonesia P&C, as well as the joint ventures in Banco Sabadell and Banco Santander due to the lower degree of operational control we have on the retention rate of these customers. Turkey, Colombia and Isle of Man are excluded due to ongoing onboarding onto the Customer Intelligence Platform. When calculating the customer retention rate, the attrition of customers in employer-sponsored plans (e.g., life insurance plans) due to turnover (voluntary or involuntary is not applicable. Additionally, the split between voluntary and involuntary lapse was not made.
2 First time reporting on customer retention rate for CLP.
3 Premium retention rate for Commercial excluding our Crop, Programs, Direct market, Group Captives and Surety business in North America.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.3 Fair and transparent advice and engagement

In line with our Group's Code of Conduct, we strive to manage the risk of poor outcomes for our customers and conduct our business in a way that treats them fairly. We believe that **clear and transparent** communication is critical to mitigating the risks that our customers face throughout their journey with us and empower them to make informed decisions and choices for themselves. The Zurich Code of Conduct outlines **key behaviors** that guide and inspire us to work with the highest ethical, legal and professional standards. We have a Global Customer-Facing Conduct (CFC) framework[1] in place to support strong customer management, including fair communication practices, in all our business units.

CFC refers to the activity undertaken to maximize the likelihood of **fair and positive** outcomes for our customers. The CFC framework at Zurich is designed to support business units in identifying, evaluating and mitigating the risks related to customer-facing conduct. It also supports in developing detective and preventive control activities in existing processes across the customer lifecycle. Group Compliance supports and advises the business to enable effective management of CFC risks in alignment with the changing needs of our customers, new business models and the continued evolution of expectations from regulators and other stakeholders.

Listening to our customers

We continue to evolve our customer experience by listening to and acting on customer feedback through our tNPS programs. We **surveyed around 1.25 million customers** in 2023 across our business and acted based on their feedback. Actions ranged from local optimizations of processes to more sizeable and Group-led measures. One example is the improvement of customer experience at our Retail Protection service call center in the UK, which piloted our new Customer Empathy Training program to empower call handlers to tailor the call experience to the customer, embedding our Customer Experience Standards around delivering personalized experiences and leading with empathy. This resulted in an improvement of +22.8 points in our tNPS score for this touchpoint over a period of six months. Global and targeted actions to improve the customer experience across the Group resulted in continued high levels of customer satisfaction, achieving a **4.3 point increase in our overall tNPS score[2] in 2023.**

5.3.1 Customer communication

SASB | S

Our products and services are provided in more than 200 countries and territories. Our local businesses **strive** to align our approach to informing customers about our products with both regulatory and customer expectations. Our customers have access to detailed information about our products and services, including but not limited to policy coverage, cost structures, exclusions, product suitability etc. Information on our products and services is available through several channels, including our website, intermediaries, email, social media, television, press, digital and print advertising. The introduction of the Zurich One customer portal in 2023 is **simplifying access** to information for our customers including an on-demand overview of the products they hold, available services to them, and suitable suggested products.

In 2023, we developed a new 'Tone of Voice' framework which redefines the way we communicate with our customers, rooted in our purpose to 'create a brighter future together'. The framework provides a set of **rules and guidance** which will provide increased warmth, clarity and conciseness in our communication with our customers about what we offer and any actions a customer needs to take. In addition we launched a new **Customer Empathy training program.** The program helps mitigate the risk of selling products and services that are not appropriate for our customers' needs, and the risk of failing to exhibit skill and care in the provision of services to our customers.

5.3.2 Continuously measuring and improving claims management

SASB | S

Customers purchase insurance to mitigate risks. Empathetic and competent claims management is critical to providing first-class customer service. We strive to put the customer at the heart of everything we do and to make the claims experience as **transparent, personal and responsive** as possible.

We consider the management of claims to be one of the **most important customer experiences** and, in 2023, we won awards in more than 10 countries recognizing our market-leading claims services.

In 2023 the claims tNPS score improved by 1.2 points. There has also been a 18.9 percent increase in the number of responses provided by our customers, showing both that we are increasing the opportunity for customers to provide feedback and more than ever customers want to tell us about their claims experience.

1 www.zurich.com/en/about-us/corporate-governance/code-of-conduct/we-care-about-our-customers
2 tNPS excludes Banco Sabadell, Colombia and Turkey. Prior year numbers for 2022 have been restated to exclude Sabadell owing to that entity's adoption of a different metric to tNPS.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.3.2 Continuously measuring and improving claims management (continued)

We continue to develop our claims teams across our business to enable them to be equipped to respond to our customers when needed most. An example of this is our Japanese Accident & Health claims team, that developed and implemented a **Vulnerable Customer Training Program** to complement their Senior (over 65) Personal Accident Product.[1] This training has been rolled out to over 80 staff members and has helped embed an empathetic claims service, that is tailored to the individual needs of the 28,000 customers supported in 2023. Using vision impairment goggles and noise-reducing headphones during their training, they put themselves in a position to understand their customers' specific challenges. This initiative contributed to high tNPS scores for the senior personal accident product and contributed to an increase of 2.8 points in the Zurich Japan claims score during 2023.

We have also established a **strong claims sustainability framework** across all countries, where claims are processed and handled, which includes defined best practices to support and align with our sustainability focus areas. Every country has a three-year action plan to achieve the desired benchmark set out by the framework. The best practices range from loss prevention and mitigation, to reskilling our workforce, as well as making sustainability a major determining factor in developing future relationships with our key third party service providers. We are committed to creating and working with all our providers to deliver innovative sustainable solutions ranging from growing the circular economy to providing extra support and care to our customers. For example:

In Brazil, we have continued our partnership with our motor repair body shops that have been certified with an independently accredited "Green Seal". This arrangement supports local businesses, enables more sustainable practices, and raises awareness of sustainable measures that can be put in place, such as reducing water consumption and safe handling of waste. In 2023, we now have 221 "Green Seal" certified body shops in Brazil, an increase of 39 percent from 2022. This has resulted in 63 tons of metallic waste, 8.2 tons of cardboard/plastic waste, and 1,648 litres of liquid waste being disposed sustainably.

5.4 Digital confidence and trust

One of our goals is to make people and organizations more **resilient** by fostering confidence in a digital society. We aim to use this goal to improve customer experience. We are determined to be transparent about data management and Zurich's data protection and privacy policy, as this is a critical factor for **customer trust.**

During the past year, we have **strengthened** our privacy management capabilities, further developed our artificial intelligence (AI) solutions, with particular focus on generative AI, as well as our AI Assurance Framework, and invested in a digital platform that enhances our business impact analysis (BIA) and business continuity planning (BCP) globally, in line with our customer promise.

We frequently educate our employees and senior management on our data privacy policy and Zurich's data commitment. Our annual data privacy training was **assigned** to all employees[2] in 2023, with a global completion rate of 99.96 percent. The completion rate was above 99.9 percent in all regions. The training highlights the importance of observing privacy rights and using personal data in a legal and transparent manner.

In addition, our annual information security awareness training covers a wide range of information security topics and behaviors **relevant** to all employees[2], with a completion rate of 99.6 percent. This annual education is supported throughout the year with smaller, supplemental offerings in the form of tip sheets, bite-sized learning campaigns and more. Topics include, working remotely and securely, creating strong passwords, social engineering and the many forms of phishing, including how employees can spot and report phishing attempts. Information security awareness training is reviewed and updated annually to remain on top of the latest developments with cyber threats and Zurich policies and controls.

1 See section 5.1.1 Revenues from sustainable solutions on pages 182 to 185.
2 Excludes employees on a long-term leave during the training window, new joiners who joined after the cut-off date for the annual training assignment and employees who left the company before the assignment due date.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.4.1 Data commitment

In 2023, we continued our global investment efforts to deliver on our data commitment, focusing on enhancement of transparency on how Zurich manages customer data and **protects** customers' right to privacy.

We have reviewed the scope of business processes and applications dealing with personal data and re-assessed processes and controls in place across our businesses, to enable the continuous enhancement of their effectiveness, strength and robustness. Where areas for improvement have been identified, actions have been taken so that all our businesses are meeting the standards and guidelines in terms of transparency ahead of 2024.

Moreover, we have **implemented** more sophisticated data privacy, data discovery, data security, and consent management technologies, and strengthened governance and oversight across the three lines of defense. Our transformation and digitalization initiatives further support:

– Proactive customer engagement, informing customers about how their personal data is being used and how consent is being obtained;
– Enhancement management and fulfillment of customer rights;
– Mitigation of risk of a potential misuse of personal data.

As a result of the improvement actions taken in 2023, the strengthening of all aspects of data privacy and security will have a positive impact on customers' right to privacy and/or customers' trust in Zurich's privacy management practices.

5.4.2 Cybersecurity

In 2023, cyber crime and increased cyber risk due to geopolitical instability continued to be major concerns. International law enforcement and government agencies intensified efforts to combat cyber criminals and dismantle their infrastructure, resulting in some success in slowing down the spread of ransomware. Nevertheless, the growth of cyber threats due to the commoditization of malicious cyber capabilities, the relatively low barrier to entry, and continued investments and activities led by highly skilled threat actors, necessitates robust measures to protect valuable data.

We are addressing these evolving challenges through substantial investments to **strengthen** our cyber defenses and data protection strategies. In 2022, we expanded our multi-layered defensive approach, incorporating industry best practices and recognized frameworks, such as the U.S. National Institute for Standards and Technology (NIST) Cybersecurity Framework. This approach, coupled with our continuous improvement strategy, has proven effective in **safeguarding** Zurich's data in accordance with its data commitment. In 2023, we further increased our focus on the protection of unstructured data and managing third-party risk, as well as developing our understanding of the implications of artificial intelligence (AI) as both a threat to cyber defense and as a tool for increasing it.

Enhancing cyber defenses and data protection has been the focus of several key initiatives in 2023:

Harnessing the power of automation and AI
We deployed highly automated threat detection systems to respond to issues more rapidly. This significantly increased the capacity of our cyber teams and allowed them to meet the challenges of ever-increasing volumes of cyber threats. Additionally, we are embracing AI-enabled systems and have several AI initiatives underway to allow us to rapidly identify and mitigate potential cyber threats, enhancing our ability to protect Zurich's data from evolving risks.

Managing third-party risk
Recognizing the potential vulnerabilities associated with external business partners and suppliers, we have developed a comprehensive third-party risk management program, that addresses multiple risk areas, including cyber. This program incorporates a scalable platform to assess and monitor the cybersecurity practices of our partners,

Addressing unstructured data risk
The increased adoption of collaborative, cloud-based unstructured data management platforms has made data protection a top priority. As such, we have introduced stringent governance standards, as well as technical controls, to manage sensitive data, **detect and prevent** data loss and meet data privacy commitments.

Managing data incidents
At Zurich, we remain committed to transparency and accountability. We have **implemented a new** data incident management process that allows us to track, assess the impact of, and respond to, incidents that may compromise customer data while meeting all associated regulatory notification requirements.

As the cyber threat landscape continues to evolve, we are dedicated to staying at the forefront of emerging risks. By embracing new technologies, focusing on efficiency through automation and employing industry-recognized frameworks and best practices, we aim to strengthen our cyber defenses, detect and respond to threats more effectively and enhance our overall resilience in the face of evolving cyber threats.

5. Our customers: Their needs are at the heart of everything we do (continued)

5.4.3 Business resilience

In the first quarter of 2023, we **focused our efforts** on mitigating the risk from the energy crisis namely, the potential impacts of widespread power outages. We developed plans to provide a response capability for both expected and unexpected power outage events in Switzerland, the location of our headquarters. These plans, which were aligned with recommendations from local authorities, aim to ensure communication (e.g., phone, email) for key decision-makers remains possible even during power outages.

In parallel, we deployed a digital platform that enhances our business impact analysis (BIA) and business continuity planning (BCP) globally, thereby **standardizing** our resilience approach and tools across the organization. The platform **supports the identification** of critical processes and their key dependencies (such as systems, people, third parties), allowing recovery strategies to be developed in the tool for the purposes of BCP. The platform has been implemented in all entities across the organization and in all our corporate functions.

In 2023, we developed a framework to meet new operational resilience regulations, which were released for Ireland in 2021 and the UK in 2022, and which were required to be implemented by 2023 (Ireland) and 2025 (UK). This framework will allow Zurich to address key regulatory requirements in a consistent way.

Testing and drills remain key to ensuring crisis management readiness. We have focused on enhancing our responsive and recovery capabilities through multiple tests and scenario exercises conducted at different levels of the organization and across the various corporate functions.

5.4.4 Responsible use of artificial intelligence (AI)

In 2023, we made significant progress on implementing our global AI Assurance Framework (AIAF) to promote and ensure the **responsible use** of high-quality AI solutions across our businesses in line with OECD AI principles, centered around transparency, fairness and accountability, including the review and incorporation of emerging regulations. We continued expanding our AI capabilities along the insurance value chain, including product development, marketing, sales and distribution, insurance fraud detection, and operations. We are leveraging AI in more than 160 use cases, providing advanced data insights to help underwriters, claims adjusters and risk engineers make better informed decisions. In the field of generative AI, we started exploring and developing new capabilities and solutions in a controlled environment to build comfort and trust with this rapidly evolving technology.

Examples where we leveraged AI technology included improving customer quote and claimant journeys through the **automation** of medical evidence reviews for life assurance and medical claims, improved assessment of fire risk using individual property attributes and data direct from the fire service, and using speech analytics to better address customer concerns in contact centers. Using AI technology in this manner helps us to further improve our customers' digital experiences and drive operational efficiency.

In view of the growth of generative AI, we strengthened our AI Assurance Framework to address the new and shifting risks and opportunities in relation to technological advances, specifically generative AI and large language models (LLMs). In particular, we set up a centralized LLM facility, including an **application** that provides all employees with the opportunity to use this technology as an assistant for daily business tasks as well as a platform for data scientists to develop LLM-based use cases, current explorations include underwriting and risk engineering as well as agent support. A **centralized** approach means, we are in a position to effectively manage the risks associated with generative AI through technical controls, and to promote LLM-driven innovation in a safe, compliant, protected and responsible environment. In order to explore and mitigate the risks that are specifically related to Generative AI, Zurich is a founding member of the international GenAI Red Teaming Network that work on advancing AI safety and governance for all our customers and operations.

To strengthen the governance and oversight of our AI operations overall, we have further **refined** and built out our global AI inventory, our AI risks and impact assessment methodology and operationalized governance processes and technical controls for AI solutions in support of our responsible AI principles of fairness, Transparency and Accountability. We have **established** a network of AI Champions globally and delivered responsible AI trainings across the organization. Taking this approach to prioritizing digital trust and the use of AI for the benefit of our customers, through sustainable and innovative solutions, builds upon our Data Commitment launched in 2019.

6. Our people: Let's grow together

Our people

We're actively supporting the long-term employability of our people, while addressing customer and societal needs.

For Zurich, being a responsible and impactful business is more than a story we tell. It's a principle that informs every action we take. It's who we are.

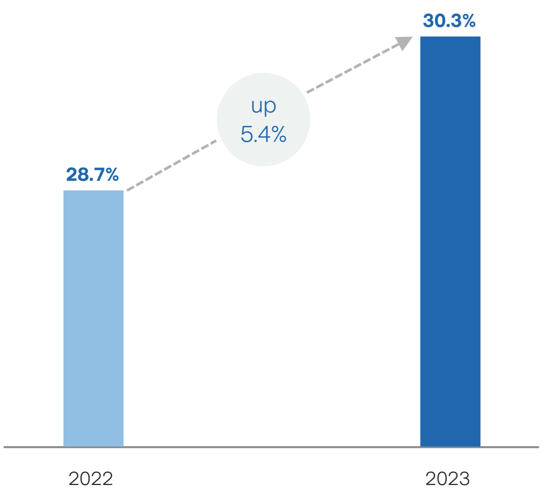
When our people are at their best, Zurich excels in delivering exceptional experiences with its customers and business partners, while also positively contributing to society. We provide employees with a range of opportunities to grow, to develop their skills and careers, so they can be employable for the long term.

We are optimistic, caring and reliable. With forward thinking, determination and a sense of togetherness, we bring our purpose to life. Our distinct culture, guided by our values, and our positive work environment committed to diversity, equity, inclusion, belonging and wellbeing, support our people in achieving our purpose, together.

> Our people are at the core of what we stand for. We are committed to creating an environment where everyone can perform at their best, with purpose, a sense of belonging and a focus on wellbeing. With a mindset rooted in sustainability, we are shaping the workplace and the workforce of the future.

Jolanda Grob
Group Chief People Officer

More than 30 percent of senior management are female



Focus on internal hire[1]

73.4%

Emphasis on core professional skills

3 technical academies launched

1 As of 2023, we included Farmers Group, Inc. and Cover-More and have evolved the definition of this metric to include internal career opportunities generated for entry-level roles (career level A), international moves, re-hires, and changes in employment types from temporary to permanent. Entry-level roles (career level A) remain excluded from 'external hires' as these positions are, by nature, filled by external career starters.

6. Our people: Let's grow together (continued)

6.1 Attracting and retaining talent for a sustainable future

As a global employer and provider of protection solutions to millions of people, we are actively supporting our people to remain employable for the long-term, while addressing customer and societal needs. We attract, develop, engage and retain talent to deliver on our strategy, and we are committed to creating a positive work environment where everyone can perform at their best.

Our commitment to a sustainable future depends on our ability to maintain the required balance between focusing on internal hiring and offering development opportunities to our existing workforce, while attracting specific skills and workforce segments from the external world. The balanced combination allows us to deliver on our business growth plans at the required pace.

6.1.1 Attraction

In 2023, our Group headcount remained broadly stable at 61,067 employees (0.2 percent increase compared to 2022). We successfully continued to attract, develop and retain employees with key skills and capabilities to keep our people and organization ready for the future of work and evolving customer expectations.

Table 16
New hires

Dimension	New Hires (#)	New Hires (%)
Female	5,584	54.8
Male	4,558	44.7
Other[1]	56	0.6
Baby boomers and prior generations (1964 or earlier)	572	5.6
Gen X (1965 - 1980)	2,095	20.5
Gen Y Millennial (1981-1996)	5,009	49.1
Gen Z (1997 and after)	2,522	24.7
APAC	1,372	13.5
Corporate Center	169	1.7
EMEA	4,012	39.3
Latin America	2,005	19.7
North America	2,640	25.9
Career level A	4,731	46.4
Career level B	2,965	29.1
Career level C	235	2.3
Career level D	60	0.6
Career level E	9	0.1
Unranked[2]	2,198	21.6
Total	**10,198**	**100.0**

1 'Other' refers to employees with no declared gender.
2 'Unranked' refers to those employees who are not assigned to any career level (12.5 percent of our workforce), comprising of employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.6 percent of our workforce) and sales force teams (due to their higher volatility, 2.4 percent of our workforce).

Our internal grading system defines the following progression by career level:
– Career level A comprises all entry level and low specialization roles.
– Career level B includes frontline managers and technical staff.
– Career level C includes middle managers and highly specialized technical staff.
– Career level D comprises senior executives and senior experts.
– Career level E incorporates the most senior roles such as country CEOs and other senior business leaders.
Senior management comprises career levels D and E together. Middle management refers to career level C.

We focus on attracting and retaining employees from all generations to build a diverse workforce that creates a competitive advantage for us. We continue to evaluate and evolve our employee value proposition and the overall recruiting experience, using feedback from our candidate net promoter survey that provides actionable insights.

6. Our people: Let's grow together (continued)

6.1.1 Attraction (continued)

Our NextGen population[1] continues to grow as Gen Z increasingly enters our workforce. In 2023, 52.1 percent of our workforce belonged to NextGen, and this segment contributed 74.0 percent of new hires (compared to 68.1 percent[2] in 2022).

Aligned to our focus on NextGen, particularly Gen Z, as a growing segment of our workforce, we continue to place significant emphasis on supporting our apprenticeship, trainee and internship programs globally, offering opportunities for people at any stage in their career. As part of this commitment, we employ more than 1,200 apprentices, trainees and interns a year with particularly strong programs in the UK, Switzerland and Zurich North America (ZNA). In 2023, ZNA expanded its well-established ZNA Apprentice Program to include a path toward obtaining a bachelor's degree. If a candidate possesses an associate degree or 55-60 credits toward a bachelor's degree, they are eligible for this newly launched Bachelor's Degree Apprenticeship program. The first cohort of this new program onboarded 19 apprentices in January 2023, increasing the total number of ZNA graduate and apprentice intake to 302. For new graduates possessing a bachelor's degree, ZNA offers several Foundational Training Programs (e.g., Underwriting, Claims, Finance, Risk Engineering) as an entry point to grow their career within Zurich.

Table 17
Internal hires[1, 2]

Metric	Dimension	Career Level A	Career Level B	Career Level C	Career Level D	Career Level E	Senior Management	Total % 2023 – Independent of career level	Total % 2022 – Independent of career level[3]
Internal Hires (%)	Female	60.6	51.8	44.2	34.2	30.8	34.1	52.1	45.7
Internal Hires (%)	Male	39.1	47.9	55.5	65.8	69.2	65.9	47.6	54.3
Internal Hires (%)	Other[4]	0.3	0.3	0.3	0.0	0.0	0.0	0.3	–
External Hires (%)	Female	–	45.7	40.5	32.2	30.0	31.9	45.0	44.3
External Hires (%)	Male	–	53.8	57.2	59.3	70.0	60.9	54.2	55.7
External Hires (%)	Other[4]	–	0.5	2.3	8.5	0.0	7.2	0.8	–
Total Internal Hires (%)		**100.0**	**64.2**	**83.3**	**85.8**	**56.5**	**84.3**	**73.4**	**71.2**
Total External Hires (%)		–	35.8	16.7	14.2	43.5	15.7	26.6	28.8

1 As of 2023, we included Farmers Group, Inc. and Cover-More and have evolved the definition of this metric to include internal career opportunities generated for entry-level roles (career level A), international moves, re-hires, and changes in employment types from temporary to permanent. Entry-level roles (career level A) remain excluded from 'external hires' as these positions are, by nature, filled by external career starters.
2 Excludes unranked employees who are not assigned to any career level (12.5 percent of our workforce), comprising of employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.6 percent of our workforce) and sales force teams (due to their higher volatility, 2.4 percent of our workforce).
3 2022 is based on the previous definition and does not reflect the extension to include Farmers Group, Inc. and Cover-More, which have been included in 2023.
4 'Other' refers to employees with no declared gender.

We continue to prioritize internal over external hires, whenever possible, having a clear commitment to "internal first". By promoting accelerated internal mobility among our employees, we support their continuous upskilling, re-skilling and career diversification. Our promotions reflect an equal gender split i.e., **50.0 percent of all promotions were women**. Our approach contributes to our people remaining employable for the long-term, irrespective of their seniority, gender, age, or any other personal characteristics.

At a senior level, we have also strengthened our internal leadership pipeline to support career growth through vertical, lateral or international moves. This is reflected in our internal hire rate of 84.3 percent for the senior management population. External hires at this level aim to bring in people with critical skills and are an opportunity to increase the diversity of our employee population globally.

As an example of investing in employees long-term employability, Zurich Santander launched a new Talent Acquisition Hub in 2023 to foster internal movement and encourage talents to reach for growth within the company. The business is committed to publishing all positions across the Zurich Santander geographies and prioritizing internal candidates. The Net Promoter Score (NPS) for the process will be introduced in 2024. In the meantime, the business has seen a higher participation of internal candidates in the recruitment process and more interest from employees in applying to different functions in the company.

1 The NextGen population refers to individuals born after 1981, comprising both Gen Y Millennials (born between 1981-1996) and Gen Z (born in 1997 and after).
2 The NextGen population share of new hires in 2022 was recalculated to 68.1 percent to include Farmers Group, Inc. and unranked employees, while Cover-More is excluded.

6. Our people: Let's grow together (continued)

6.1.2 Learning and development

We invest in the development of our people through coaching, mentoring, secondments, part-time assignments and formal learning, including accredited learning and degrees. Our global learning platform, MyDevelopment offers more than 28,000 courses, including the full library of LinkedIn Learning. Through technical academies we aim to build capabilities that are core to our business. In 2023, we enhanced the Digital and Customer Academies, deployed programs such as Brand Mastery, Customer Empathy and Customer Experience to build customer capabilities across the organization. In 2023, we also developed the **Zurich Sustainability Academy**, which curates learning focused on our Sustainability Framework. Additionally, we maintain local academies. In the UK, for instance, through the Future Skills academies we upskilled and re-skilled around 180 employees in areas such as Data Science, DevOps, Automation, Coaching, and Leadership, leveraging the Apprenticeship Levy.

Our Commercial Insurance Academy offers unique and interactive courses tailored to meet the needs of our customers, brokers and employees. In 2023, we rolled out externally awarded global technical training programs, which include Property Business Interruption[1] and International Program Business.[2] We also prepared our employees for the future of work by refining their professional skills through our Winning in the Market branded programs, or by developing their business and communication skills to further their career as highlighted in our 'Grow your Impact' program, launched as a collaborative effort between CI Germany and CI Switzerland in 2023.

Table 18
Average learning hours[1, 2]

	Average learning hours 2023 (# hours)	Average learning hours 2022 (# hours)
Female	21.4	28.4
Male	18.9	24.2
Other[3]	22.7	57.3
Baby boomers and prior generations (1964 or earlier)	14.7	20.7
Gen X (1965 - 1980)	18.9	24.6
Gen Y Millennial (1981-1996)	20.7	27.5
Gen Z (1997 and after)	28.8	39.4
Career level A	22.0	27.6
Career level B	18.7	24.6
Career level C	21.0	24.4
Career level D	14.1	21.7
Career level E	9.3	19.1
Senior Management	13.9	21.7
Unranked[4]	16.9	22.6
Total Learning Hours	20.2	26.4

1 Hours tracked on our global learning platforms (i.e., physical, digital as well as mandatory and voluntary training sessions).
2 Reporting on learning hours excludes Farmers Group, Inc. and Cover-More.
3 'Other' refers to employees with no declared gender.
4 'Unranked' refers to those employees who are not assigned to any career level (12.5 percent of our workforce), comprising of employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.6 percent of our workforce) and sales force teams (due to their higher volatility, 2.4 percent of our workforce).

In 2023, our employees dedicated over 1.1 million hours to online learning, compared to 1.2 million hours in 2022.[3] This translates to an average of 20.2 hours per employee, a decrease from 26.4 hours in 2022. This is primarily due to the shorter length of available learning content; the individual learning consumption (i.e., the number of courses started or completed) per employee increased since 2022.

In 2023, we spent more than USD 39 million on learning, an average of USD 644 per employee.[4]

1 The Property Business Interruption is a winner of the Brandon Hall 2023 HCM Excellence Award (www.linkedin.com/feed/update/urn:li:activity:7105503712487333888) in three categories: best results of a learning program, best advance in creating a learning strategy and best use of blended learning.
2 The International Program Business is also a winner of the Brandon Hall 2023 HCM Excellence Award (www.linkedin.com/feed/update/urn:li:activity:7100080248372748289) in learning & development.
3 Reporting on learning hours excludes Farmers Group, Inc. and Cover-More.
4 This learning spend per employee compares to an average USD 728 in 2022, when reporting excluded 26 percent of our workforce.

6. Our people: Let's grow together (continued)

6.1.3 Engagement

In 2023, we launched our new Group-wide Zurich Experience Survey (ZES).[1] This allows us to collect richer insights about employees' perceptions of their experience at Zurich, as well as better understand their levels and drivers of engagement. The 2023 response rate was 82 percent, in line with typical practices of our external provider's high-performing client companies.

We scored positively in all categories of the ZES 2023, with results particularly strong for Leadership, Strategy & Values and DEIB & Wellbeing. Globally, the drivers of our employee engagement are linked to career and personal development opportunities and an effective work environment where people feel they belong. The engagement score, including measuring pride in the organization, referral behavior, intent to stay and intrinsic motivation, was 2 percentage points better than those in high performing companies and 4 percentage points better than other global finance and insurance peers working with the same provider.[2] Employees' willingness to recommend Zurich as a great place to work is 5 percentage points better than those in high performing companies and 8 percentage points better than other global finance and insurance peers.

A number of regional and local initiatives, certifications and awards support our employees' perceptions, for example:

- The #APACMovesTogether regional year-long initiative brought together our employees across the region to align their individual actions and accelerate their impact in support of our sustainability ambitions. Around 50 events, activities, gatherings and volunteering opportunities made the People Month (March 2023) contribute to increasing levels of engagement and pride to work for Zurich. In Asia-Pacific, we have been awarded the Great Place To Work 2023[3] certification for five businesses (China, Hong Kong, Indonesia, Malaysia, Singapore).
- In EMEA, we received or maintained employer awards and have been ranked as #1 employer in the insurance sector, for example, in Germany (Focus award as Top Employer 2023),[4] Italy (Top Employers Italia 2023),[5] Ireland (EDGE Move), Spain (Top Employer España 2023,[6] re-certified for EDGE Move,[7] #1 insurer on Glassdoor), Switzerland (Top Employer 2023),[8] Turkey (Great Place to Work 2023, Best Workplaces for Millennials 2023),[9] or the UK (Best Insurance Employer 2023).[10]
- In Latin America, we are also an employer of choice in most of our business units, for instance, in Brazil (EDGE Move, Great Place to Work),[11] Columbia or Mexico (EDGE Move, Great Place to Work).
- In North America, Canada was recognized as one of Greater Toronto's Top Employers,[12] and ZNA features on Forbes' list[13] of America's Best Employers By State 2023 as well as on the lists of America's Best Employers for Women 2023 and America's Best Employers for Diversity 2023.

6.1.4 Retention

Employees' intention to stay working for Zurich, as measured in the ZES 2023, is better than the external benchmarks: 2 percentage points better than high performing companies and 3 percentage points better than other global finance and insurance peers. While the total employee turnover increased to 14.3 percent compared to 12.9 percent in 2022, the trend is significantly influenced by the increase in involuntary turnover as result of reorganizations in North America. Over the years, we observed minimal variance in the entry and exit patterns based on gender. In 2023, 53.6 percent of the individuals voluntarily or involuntarily departing our organization were female (compared to 51.9 percent in 2022).

Our NextGen employees continue to have a higher voluntary turnover rate compared to other generations, in line with external market trends. As we remain focused on getting insights from various sources, our aim is to continuously improve, and remain an attractive employer for all who look to start and develop careers.

1 The 2023 Zurich Experience Survey was done in May 2023 across the Group, excluding Farmers Group, Inc. and Cover-More. Until 2022, Zurich was administering a global employee net promoter scores (eNPS) survey, see our Annual Report 2022, section 6.1.1 Attraction and retention of talent in the Integrated sustainability disclosure.
2 All benchmarks are from our external provider's client companies.
3 www.linkedin.com/posts/zurich-insurance-company-ltd_zurichapac-cultureofgrowth-greatplacetobe-activity-7135447383290564609-ns-X/?trk=public_profile
4 www.newsroom.zurich.de/pressreleases/doppelt-haelt-besser-zurich-erneut-mit-maximaler-punktzahl-unter-den-top-arbeitgebern-deutschlands-3235395
5 www.zurich.it/gruppo-zurich/comunicazione/comunicati-stampa/zurich-top-employer-2023
6 www.zurich.es/notas-prensa/zurich-mejor-empresa-para-trabajar-2023
7 www.edge-cert.org/article/zurich-insurance-company-spain-attains-edge-move-recertification-and-edgeplus/
8 www.handelszeitung.ch/insurance/zurich-zahlt-2023-zu-den-beliebtesten-arbeitgeberinnen-der-schweiz-573159
9 www.greatplacetowork.com.tr/workplace/item/2981/ZUR%C4%B0CH+S%C4%B0GORTA
10 www.zurich.co.uk/about-us/awards
11 www.edge-cert.org/certified-organizations/?search=zurich
12 reviews.canadastop100.com/top-employer-zurich-canada
13 www.forbes.com/companies/zurich-north-america/

6. Our people: Let's grow together (continued)

6.1.4 Retention (continued)

Table 19
Turnover[1]

Dimension	Voluntary turnover (%)	Involuntary turnover (%)	Total turnover (%)
Female	8.6	6.4	15.0
Male	7.0	6.4	13.5
Other[2]	21.2	11.0	32.2
Baby boomers and prior generations (1964 or earlier)	3.0	15.4 [3]	18.4
Gen X (1965-1980)	4.9	5.4	10.3
Gen Y Millennial (1981-1996)	10.5	5.2	15.6
Gen Z (1997 and after)	16.4	7.2	23.6
APAC	10.5	2.9	13.4
Corporate Center	3.8	3.8	7.6
EMEA	4.9	3.4	8.2
Latin America	6.2	7.3	13.5
North America	11.5	11.5	23.1
Career level A	13.6	7.3	20.9
Career level B	6.7	6.2	13.0
Career level C	4.4	6.9	11.4
Career level D	3.1	6.9	10.1
Career level E	6.7	5.7	12.4
Unranked[4]	2.6	4.3	6.9
Total	**7.9**	**6.4**	**14.3**

1 Total turnover is calculated as the sum of number of voluntary leavers and the number of involuntary leavers, divided by the average headcount of the selected year. Voluntary turnover refers to employees deciding to leave the company, e.g., for personal reasons. Involuntary turnover refers to cases where the decision to leave is not entirely made by the employee, e.g., retirement and mutual agreement. Reporting excludes temporary employees and interns.
2 'Other' refers to employees with no declared gender.
3 The high involuntary turnover for Baby boomers and prior generations is largely attributed to retirement.
4 'Unranked' refers to those employees who are not assigned to any career level (12.5 percent of our workforce), comprising of employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.6 percent of our workforce) and sales force teams (due to their higher volatility, 2.4 percent of our workforce).

6.2 A positive work environment

We value diverse perspectives, aim to foster a sense of belonging and always look to uphold fairness. We prioritize the wellbeing of our employees, supporting their physical, mental, financial and social health through proactive guidance and resources. We encourage open communication and collaboration, creating a connected community where collective ideas flourish.

6.2.1 Our commitment to diversity, equity, inclusion and belonging

We strive to integrate diversity, equity, inclusion and belonging (DEIB)[1] into everything we do by taking targeted actions to increase and benefit from diversity within the workforce, to offer equal opportunities and to foster inclusion and belonging.

We continue to leverage and support our employee resource groups (ERGs)[2] across the organization, to foster exchange across functions, geographies, hierarchies and generations. We strive to raise awareness of and promote diversity and inclusion, cultivate a sense of belonging and create social networks to drive cultural change. Our ERGs provide thought-provoking and developmental programs throughout the year that everyone can benefit from. In ZNA, for instance, one out of every three employees is a member of at least one ERG. We encourage engagement in these groups in order to strengthen our Zurich community. Our women's innovation network (WIN) is our biggest ERG with several thousand members across all continents.

1 www.zurich.com/careers/deib
2 Our Group-wide ERGs are: WIN (women's innovation network), ZurichNEXT (promoting intergenerational dialogue), Pride@Zurich (alliance of LGBTQ+ employee networks) and YouMatter (supporting employee wellbeing). Our business units have in addition several other local ERGs.

6. Our people: Let's grow together (continued)

6.2.1 Our commitment to diversity, equity, inclusion and belonging (continued)

In 2023, we received a number of awards and certifications across the Group, recognizing our commitment to DEIB. Zurich UK, for instance, was recognized in 2023 as Stonewall's one of the Top 100 employers in workplace equality (with additional Gold award for UK's Pride network). It also received the 5-Star Diversity, Equity and Inclusion Award from Insurance Business UK and won in four categories of the FT Advisor Diversity in Finance Award.[1] Zurich Canada received the 5-Star Diversity, Equity and Inclusion[2] award, and is actively partnering with organizations such as the Canadian Centre for Diversity and Inclusion, Pride at Work Canada, Canadian Association of Black Insurance Professionals, LINK Canada, Insurance Supper Club Group, or the National Centre for Truth and Reconciliation.

We continuously foster equal representation of all genders across the organization. As of the end of 2023, 52.0 percent of our employee population were female. In addition, we undertake targeted actions and monitor gender representation across multiple dimensions, including career levels and generations. As in previous years, we have been included in the 2023 Bloomberg Gender-Equality Index.[3] We continue to support the development of female talents to accelerate their readiness for leadership positions. A few examples:

- In Asia-Pacific, the Female Leaders Advocate Group (FLAG) was formed in March 2023 to identify key interventions to close the gender representation gap across Asia-Pacific. The three main region-wide initiatives (i.e., Gender Diversity Target Setting, Female Acceleration Program, and FLAG talk series) were being implemented throughout 2023. Asia-Pacific remains a signatory of the G20 Alliance for the Empowerment and Progression of Women's Economic Representation advocating women's advancement to leadership positions.
- In EMEA, UK is running a mid-level momentum talent program, as a result of which it registered moves for 42.5 percent of the cohort with females achieving more moves and more promotion. Switzerland is also running a third cohort of a NextGen talent program, with a purposeful 50/50 gender split.
- In Latin America, the Z-Women's Empowerment Program was established in Colombia, an all-female, high-potential program encompassing interviews, assessments, SWOT analysis and coaching to support participants to realize their career objectives. The talent retention of the participants is 90 percent, and 90 percent of the participants of the program are now on leadership succession plans, 20 percent of them leading a critical project.
- In North America, the ZNA Women's Senior Leader Program was developed with Northwestern University's Kellogg School of Management for senior women leaders who aspire to increased impact and who would benefit from developing leadership and influencing skills, financial acumen as well as increased visibility. The first cohort of 29 completed the program in 2023 (NPS of 100), the second cohort has been selected and will kick off in early 2024.

These and other initiatives have helped drive improvements in gender balance between 2017 and 2023,[4] particularly in senior management (career levels D and E). In 2017, 22.4 percent of senior management were female. **At the end of 2023, female employees represented a combined 30.3 percent in senior management** (compared to 28.7 percent in 2022). Moreover, 42.5 percent of our people managers (compared to 41.3 percent in 2022) and 53.9 percent of our individual contributors are women (compared to 53.8 percent in 2022). We also have initiatives in place to develop women's STEM careers, with several senior IT appointments in 2023. **Currently, 33.3 percent of our employees working in IT or Engineering roles are female** (compared to 30.5 percent in 2022).

We also value generational diversity in our workforce by supporting the employability of individuals at all stages of their careers and providing flexibility for smooth transitions to new opportunities. Our early-in-career programs are successful in recognizing internal talent and developing employees' skills for the future needs of our organization via workshops, coaching sessions and experience-based project work. These prepare participants for leadership opportunities within the company. In Ireland, for instance, we had 18 employees participating in the Zurich Achieve early-in-career program in 2023; UK added a Sustainable Energy Graduate and Internship program to its early-in-careers offerings to address the gap for sustainable energy skills as we support and encourage global customers in the energy sector with their transition plans.[5]

ZNA established a new program, Encore (Phased Retirement@Zurich) to support a collaborative and flexible transition when employees decide to retire and have unique and valuable skills, knowledge, and essential relationships to pass along to others. Feedback from participants and their managers has confirmed that both employees (via a smoother transition to retirement) and our company (via standardized knowledge transfer) are strongly benefiting from the program.

1 www.zurich.co.uk/about-us/awards - Zurich UK won in four categories of the FT Advisor Diversity in Finance Award: Championing Gender Inclusivity 2023, Championing Women's Equality 2023, Diversity Marketing or Recruitment Initiative of the Year 2023, Trailblazing Company of the Year 2023. UK also partners with several other organizations to further our commitment to DEIB, e.g., The Valuable 500, ISC Group, Financial Services Skills Commission, Women in Finance Charter, Disability Confident, #10000 Black Interns and Bright Network. For more information, see www.zurich.co.uk/sustainability/diversity-and-inclusion/who-we-work-with
2 www.insurancebusinessmag.com/ca/best-insurance/5star-diversity-equity-and-inclusion-321664.aspx
3 See our index table on our website: www.zurich.com/en/sustainability/reporting/-/media/Project/Zurich/Dotcom/sustainability/docs/bloomberg-GEI-2022.pdf, and www.bloomberg.com/company/press/bloomberg-2023-gei for more information on the index.
4 Reporting on 2022 data and earlier excludes Cover-More.
5 In Zurich UK's Sustainable Energy Graduate and Internship program graduates rotate across Energy, Marine & Construction Underwriting, Claims, and Zurich Resilience Solutions to develop expertise in assessing and reducing risk, claims, pricing and insurance frameworks in the field of sustainable energy.

6. Our people: Let's grow together (continued)

6.2.1 Our commitment to diversity, equity, inclusion and belonging (continued)

In addition to gender and generations, our business units stand for all other aspects of diversity, including intersectionality, creating opportunities for all. Related to LGBTQ+, for instance, we have an active global employee resource group, and we have been recognized, for the sixth consecutive year, as a Top Global Employer for the LGBTQ+ community by Stonewall. In fact, we progressed to a silver award for 2023, on Stonewall's Global Workplace Equality Index,[1] a benchmarking tool for LGBTQ+ workplace equality. Zurich UK not only publishes its diversity policies[2] but also leads by example in publishing pay gap reports linked to gender, ethnicity, LGBTQ and disability. Additionally, ZNA earned the top score of 100 on the Human Rights Campaign Foundation's 2023-2024 Corporate Equality Index,[3] the USA's foremost benchmarking survey and report, measuring corporate policies and practices related to LGBTQ+ workplace equality. In Chile, we participated at Expo Inclusion 2023,[4] a job fair for the inclusion of people with disabilities and older adults on the employment market, a demographic with occasional difficulties accessing employment.

Table 20
Workforce composition[1]

Dimension	Career Level (%) A	B	C	D	E	Senior Management (%)	Total % 2023	Total # 2023
Female	64.7	49.0	37.9	30.6	25.2	30.3	52.0	31,747
Male	35.0	50.8	61.9	69.1	74.8	69.4	47.8	29,187
Other[2]	0.3	0.2	0.2	0.3		0.3	0.2	133
Baby boomers and prior	6.7	9.9	9.8	11.7	10.8	11.7	9.5	5,828
Gen X (1965-1980)	26.5	38.1	54.2	69.8	87.4	70.9	38.3	23,383
Gen Y Millennial (1981-1996)	47.0	48.6	35.8	18.4	1.8	17.4	44.1	26,948
Gen Z (1997 and after)	19.8	3.5	0.2	0.1		0.1	8.0	4,908
National	69.2	53.9	49.4	54.1	31.5	52.8	62.5	38,162
Non-national	6.1	7.5	11.7	22.0	45.0	23.4	8.0	4,865
Undisclosed[3]	24.7	38.6	38.9	23.9	23.4	23.8	29.5	18,040

1 The data includes 'unranked' employees who are not assigned to any career level (12.5 percent of our workforce), comprising of employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.6 percent of our workforce) and sales force teams (due to their higher volatility, 2.4 percent of our workforce).
2 'Other' refers to employees with no declared gender.
3 'Undisclosed' refers to employees for whom we do not hold nationality/citizenship information, mostly from North America.

We see a tendency for non-national employees to have greater representation at more senior career levels. This can be explained by the movement of experienced, internal talent to new opportunities across our organization.

Ratio of compensation to areas of equality

We actively promote equal opportunity and pay equity in all the markets we operate and continuously monitor to ensure that we meet this ambition.[5] As part of the annual remuneration cycle, the majority of our businesses with 100 or more employees[6] perform an equal pay analysis to ensure gender is not a factor when it comes to remuneration. This process has successfully generated engaged conversations across our organization, and our leaders are fully dedicated to promote pay balance across genders or any other demographic (which may apply locally).

As new legislation is being implemented related to pay equity and pay transparency, we are proactively responding to these new requirements.[7] Local entities publish the results externally in accordance with local laws and regulations. In 2023, we made progress in many markets with some of the examples cited below.

In Australia, we use an externally accredited tool to analyze both pay equity and gender pay gap. We identified where any inequities existed and made required adjustments accordingly to maintain gender pay equity for like-for-like roles. With a focus on increasing female representation in leadership roles, we reduced the gender pay gap by 5 percent over a 12-month period and we are now below the insurance industry average in Australia.

1 www.stonewall.org.uk/top-global-employers/full-list-top-global-employers
2 www.zurich.co.uk/sustainability/diversity-and-inclusion
3 www.hrc.org/resources/corporate-equality-index
4 www.expoinclusion.cl
5 We pay 100 percent of our workforce, at all locations, at or above local minimum wage.
6 Cover-More Argentina and Cover-More Australia will be onboarded in 2024.
7 To find out more about equal pay for equivalent work, please see www.zurich.com/en/careers/deib/equity

6. Our people: Let's grow together (continued)

6.2.1 Our commitment to diversity, equity, inclusion and belonging (continued)

In 2023 we boosted education on gender pay equity and pay gap for leaders and we communicated our current position to all employees via our CEO on Equal Pay Day in August 2023. From early 2024, all employers in Australia with more than 100 employees will have their gender pay gap published by the Workplace Gender Equality Agency (WGEA).[1]

In Spain, we are proud of being re-certified for the fourth time with EDGE and, in 2023 awarded EDGE Move and EDGEplus.[2] This is a result of our efforts monitoring employee experience from an intersectional perspective of gender, gender identity and age, as well as continuously improve policies and practices for our employees. The key highlights from this recertification are that 92 percent of our employees consider they achieve work-life balance, the results of our equal pay analysis position us within the tolerance range of below five percent and we have equitable recruiting practices related to gender (EDGE Move), sexual identity and age (EDGEplus).

6.2.2 Our approach to wellbeing

The wellbeing of our employees is a cornerstone of our ambition to be a sustainable employer. We continue to strengthen our credentials in this space by providing guidance and solutions to cultivate a work environment in which employees can thrive. We have developed a global holistic wellbeing framework[3] that provides our people with tools and resources to stay healthy and empowered. We aim to support[4] measures that allow employees to grow in the four dimensions of wellbeing – physical, social, mental and financial – and be their best selves every day and everywhere.

Physical wellbeing[5]

We support healthy lifestyles through health-promotion activities and competitions via health centers and sports clubs, or sponsor marathons. In Austria, for example, we received an award for workplace health promotion for the fifth time: with various workshops, seminars, lectures, preventive examinations and a broad-based network, Austria's Zurich Vital team received an occupational health award,[6] based on a comprehensive assessment of the company's internal health services, integrated into regular operations, and awarded for employee- and family-friendly companies.

We recognize that every family is unique and balancing responsibilities is important to all of us. We continuously evolve our policies to better reconcile work and family life, for instance, by supporting greater flexibility in childcare and eldercare. Our FlexWork@Zurich program serves as the basis of our commitment to fostering work-life balance and empowering our employees to optimize their productivity. Through this program, we offer flexible working arrangements that accommodate individual lifestyles. Furthermore, to support employees to reduce work-life pressures for working parents and carers, we have partnered in Australia with Parents@Work[7] to ensure we have a family-friendly work environment. In Australia, we also launched the Zurich Care Hub, which delivers training sessions, resources and additional wrap-around support such as our Parental Leave Transition Program.

Social wellbeing

We embrace a culture of dialogue and inclusion. Listening to employees and addressing concerns and needs is part of what we do. Our new yearly Zurich Experience Survey gives us actionable feedback (see also section 6.1.3 Engagement on page 196). Several of our countries engage in local programs designed to look after employees' social wellbeing. In Italy, for instance, we launched the program Action for Change (Azioni per il Cambiamento) as a result of which we analyzed more than 300 bottom-up ideas drafted to improve our ways of working.

Mental wellbeing

Our global mental wellbeing program is focused on reducing negative stress and anxiety. Access to our health app LiveWell is becoming part of our Employee Benefits packages with big corporates, and we offer it to our employees across the Group. In addition to our employee program, in 2023, the Z Zurich Foundation, UNICEF and Zurich's LiveWell partnered up[8] to promote the mental wellbeing of young people and their caregivers worldwide.

In Switzerland, we engaged the workforce in a resilience and mental health training, based on leaders' and employees' requests to proactively manage the demands of a modern working environment. Using a variety of formats, we trained more than 150 employees in 2023, and achieved an average participant NPS of 71 points. In ZNA, we have 300 employees certified as Mental Health First Aid Champions. In Australia, we also partnered with SmartCulture to deliver the Respect at Work program, which aims to embed awareness, education and the prevention of all forms of bullying, harassment and discrimination.

1 www.wgea.gov.au
2 www.edge-cert.org/article/zurich-insurance-company-spain-attains-edge-move-recertification-and-edgeplus
3 www.zurich.com/careers/wellbeing
4 For example, ZNA has hosted more than 100 wellbeing touchpoints, including mindful moments and movements, which build physical and emotional healthy habits in the workplace and at home. Webinars, in person presentations, new joiner connections and quarterly wellbeing learning days have provided opportunities to connect with colleagues across ZNA. Zurich UK also re-launched its online Wellbeing Hub to simplify and increase accessibility, enabling employees and line managers to quickly find advice and support in one place across the pillars of physical, financial, social and mental wellbeing.
5 For detailed health & safety KPIs, incl. number and rate of fatalities as a result of work-related injuries, please see the 2023 WEF index table on our website: www.zurich.com/en/sustainability/reporting/sustainability-report
6 www.gesundheitskasse.at/cdscontent/load?contentid=10008.776273&version=1680253735
7 www.parentsatwork.com
8 www.zurich.foundation/mental-wellbeing/global-program-with-unicef

6. Our people: Let's grow together (continued)

6.2.2 Our approach to wellbeing (continued)

For its societal benefits as well as an impactful way to manage mental wellbeing, all our businesses actively encourage volunteering.[1]

Financial wellbeing

We also offer support for financial wellbeing. For example, in the UK we introduced financial education, access to bespoke consultations to make homes more energy efficient, and interest and tax-free loans to fund home improvements. The UK also made one-off payments to employees to help with the cost of living, as well as access to emergency loans to cover unexpected expenses. Employees were also given access to a range of discount schemes, and advice and guidance on financial wellbeing and managing money.

6.3 Respecting human rights

We respect the protection of international human rights within our sphere of influence and work hard to avoid being complicit in human rights abuses. When interacting with employees, customers, investees, shareholders, suppliers, the public at large or any other stakeholder, we aim to promote the following best-practice standards to manage potential adverse human rights impact:

– United Nations Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy' Framework"
– OECD Guidelines for Multinational Enterprises
– United Nations Global Compact

These principles are embodied in our Code of Conduct,[2] which applies to everyone within the Group. All employees and board members receive mandatory training on the Code of Conduct annually.[3] We endeavor to work with third parties such as consultants, advisers, suppliers and agents who share our values, and we expect our business partners to adhere to the spirit of our code and embrace high standards of business conduct.

We assess possible adverse human rights impacts within our sphere of activity, which includes our role as employer, as an insurer, and as an investor as well as our own operations and supply chain and our position within society.

Our responsibility as an employer

We strive to maintain an environment free from all forms of discrimination and harassment. We do not tolerate harassment, discrimination or bullying in the workplace, whether based on race, ethnicity, color, age, sex, gender, gender identity or expression, sexual orientation, national origin, religion, disability, pregnancy, veteran status, or any other relevant characteristics protected under applicable law. This applies regardless of an individual's duties or positions within the organization.

Employees are encouraged to contact a people manager, Human Resources, Compliance, Legal or use the Zurich Ethics Line to raise any concerns regarding any instances of harassment, discrimination or bullying, or any other concern. These concerns can be raised anonymously. We do not tolerate retaliation against any employee or other person who reports a concern in good faith.[4]

We understand the importance of fostering diversity in voices, promoting inclusive behaviors, driving equity, and cultivating a strong sense of belonging among our people. We offer unconscious bias training to all employees. We recognize the right of employees to freedom of association and collective bargaining and to freely form and join groups for the promotion and protection of employment interests.

Our employees generally work in low-risk environments and are not exposed to significant health and safety hazards. Nevertheless, we adopt a systems-based approach to managing health and safety risks in a structured and consistent way across all our operations and have a global program in place to ensure we continually improve our health and safety performance.[5]

1 For more information, see section 2.3.4 Community investment on page 133.
2 www.zurich.com/en/about-us/corporate-governance/code-of-conduct
3 Excludes employees on a long-term leave during the training window, new joiners who joined after the cut-off date for the annual training assignment and employees who left the company before the assignment due date.
4 More information in section 6.4.3 Protected advice on page 204.
5 More information in section 6.2.2 Our approach to wellbeing on page 200.

6. Our people: Let's grow together (continued)

Our responsibility as an insurer

Our approach to assess non-respect or potential adverse impacts on human rights in business transactions has a particular focus on avoiding child labor and forced labor, human trafficking or operations that could jeopardize health and safety, or offer unfair remuneration.

The business activities of our customers include many sectors of the economy. Hence we pay special attention to activities that could:

- Contribute to adverse human rights impacts such as relocation of local communities without due process, inappropriate use of force or adverse impacts on vulnerable indigenous people.
- Support regimes, governments, government officials or other politically exposed persons in countries with poor governance (for example failed states, conflict or war zones and ineffective rule of law) or poor human rights records.
- Enable harmful child labor, poor health and safety conditions and unfair remuneration.

Through Zurich's underwriting guidelines and checklists, we apply a clear guidance on underwriting decisions including clear referral processes.

Our responsibility as an investor

We implemented a global set of policies and investment processes across the organization, which aim at ensuring a consistent approach on the integration of Environmental, Social and Governance ("ESG") topics, as part of our responsible investment strategy.[1] We proactively integrate ESG factors in our investment decisions. Material ESG factors include, but are not limited to:

- Climate change risks (transition risks, physical risks and litigation risks)
- Activities negatively affecting biodiversity
- Environmental and health impacts of hazardous chemicals, waste and pollution
- Resource inefficiency
- Deforestation, land degradation, and depletion of natural resources
- Exposure to controversial weapons
- Respect for human rights
- Corruption and Bribery matters
- Inadequate governance
- Tax evasion
- Breaches of regulation, international norms and conventions
- Inadequate handling of human capital or client relations

Working with suppliers

When working with suppliers,[2] we apply our third-party governance framework (TPGF), which establishes a framework of Group minimum standards for onboarding and management of third parties we work with. The TPGF adopts a risk-based approach to human rights due diligence and is underpinned by an annual risk assessment. The first step is to analyze the human rights set out in the United Nations Declaration of Human Rights, and seek to identify which, if any, of these fundamental human rights could be adversely impacted in our tier-one supply chain, i.e. those suppliers with whom we have a direct buying contract.

Our initial and subsequent analysis identified a limited potential for non-respect or potential adverse impacts on human rights. We also concluded that our supply chain presents overall low exposure to non-respect or potential adverse impacts on human rights and that the labor standards and workplace practices operated by our suppliers are a critical factor in the likelihood of adverse human rights impacts occurring. In 2023, we also conducted a separate assessment in the context of child labor,[3] which resulted in the conclusion that there is no reasonable suspicion of child labor within our supply chain.

To support our risk assessment, we maintain a database of high-risk countries and high-risk goods and services based on data and reports from reputable NGOs and our own internal expert judgement. Our assessment of high-risk goods and services categories is based upon the prevalence of human rights issues reported and an assessment of working practices at industry or sector level.

1 For further information on our approach relating to responsible investment, see www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/responsible-investment-at-zurich.pdf
2 For further information, see 2.3.2 Supply chain on page 132.
3 Pursuant to the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor.

6. Our people: Let's grow together (continued)

Our assessment of high-risk countries is based on:

- The reported prevalence of human rights issues.
- The degree of respect for worker rights, based upon local laws and actual practices.
- The extent of political freedom and civil liberties.
- The extent of corruption.

The aim of our human rights due diligence is to validate that the supplier has implemented measures to respect fundamental human rights. Accordingly we have a referral process in place to investigate or to resolve, as appropriate, any red flags identified during the due diligence process. We also use a software tool that uses artificial intelligence to screen news reports, social media posts and NGO reports to monitor potential ESG-related (including human rights) supply chain issues. We also published a course covering the supplier due diligence processes (including in relation to human rights) that have been implemented under the TPGF. The completion rate of the supplier due diligence training for calendar year 2023 is 100 percent.

6.4 Prevention of bribery and corruption

6.4.1 Group Policy Anti-Bribery and Anti-Corruption

WORLD ECONOMIC FORUM G

We invest heavily in controls to prevent and detect, among other risks, any bribery or corruption. We have put in place strong and effective controls and we monitor financial, legal and regulatory developments to conduct business in an ethical and compliant manner.

Zurich takes a risk-based approach for the development and implementation of its Group Anti-Bribery and Anti-Corruption Framework (the Framework). The Framework is designed to prevent and detect acts of bribery and corruption. The Group Policy Anti-Bribery and Anti-Corruption (Group Policy ABC)[1] sets out the minimum requirements and obligations, with which our subsidiaries worldwide, including their board members[2] and employees, need to comply. It also provides related guidance regarding anti-bribery and anti-corruption compliance that our business units should adopt.

The Group Policy ABC sets out minimum requirements in relation to the following topics, among others:

- Associated persons' due diligence
- Third-party payment due diligence
- Incentives
- Gifts, entertainment and other advantages

We perform due diligence in accordance with our Group Policy ABC before selecting a party to be an Associated Person.[3] The due diligence must be appropriate to the anti-bribery and anti-corruption risk the relationship with the Associated Person may present. Higher risk Associated Persons receive periodically recurring due diligence.

On third-party payments, our Group Policy ABC requires the establishment of documentation which provides, among other things, a business rationale for the relationship. Our Group Policy ABC requires Zurich employees to be alert to potential anti-bribery and anti-corruption "red flags"[4] that may be associated with improper third-party payments. Such red flags are to be addressed through a so-called "third-party payment due diligence process".

The Compliance function is mandated to provide assurance to stakeholders (business management, board and audit committees) that compliance-related risks are managed effectively, and that controls are designed adequately and operating effectively. In addition, Compliance supports business units in managing compliance-related risks appropriately and remediating gaps in operative compliance controls. It is important to note that anti-bribery and anti-corruption is part of the "compliance risk universe"[5] and subject to independent assurance by Group Compliance in accordance with the Zurich Compliance Charter and Zurich Compliance Program.

Assurance activities conducted by Group Compliance and Group Audit in 2023 confirmed the overall assessment that the Group's controls around ABC are well designed and working effectively.

1 The Group Policy ABC requires the appointment of an anti-bribery and corruption officer (ABCO) for each business unit. The ABCO's duty is to monitor compliance with the Group Policy ABC and the applicable local anti-bribery and anti-corruption framework. The ABCO also supports business management in maintaining the local anti-bribery and anti-corruption framework and reviewing it regularly to ensure that it appropriately addresses bribery and corruption risks in the business unit.
2 Subject to Group and local governance requirements.
3 Associated Persons are individuals or entities who perform services for, to, or on behalf of, an organization and may include: brokers, insurance agents and intermediaries, distributors, sub-contractors, employees of outsourcing partners, employees of Zurich, Group entities or subsidiaries, independent non-executive directors, joint venture partners, outsourcers, including external asset managers, other consortia members, other (non-insurance) agents in the process of conducting business, suppliers and service providers (e.g., property management companies).
4 Anti-bribery and anti-corruption "red flags" include, but are not limited to, the following: The recipient of the payment is a public official or a close relative of a public official, the transaction value appears to be high in relation to the goods or services provided, the payment is being made to a country that is different to the country in which the recipient is located or the services are/were rendered, etc.
5 The "compliance risk universe" captures common global compliance risk themes.

6. Our people: Let's grow together (continued)

6.4.2 Training and awareness

Fostering a culture of compliance among all our employees is important. To achieve this, it is critical to encourage general awareness and understanding of potential areas of bribery and corruption risk, applicable laws, and our policies.

We frequently educate our employees and Board members on topics related to compliance and ethics. This begins with mandatory Code of Conduct training.[1] This annual training raises awareness of what it means to do the right thing. It helps employees and managers feel more confident in making ethical decisions in their day-to-day work. It also helps employees to spot and report possible bribery and corruption incidents. In 2023, almost all our employees and senior management[2] completed the training, resulting in a global completion rate of 99.99 percent. The completion rate was above 99.9 percent in all regions.[3] In addition, all 12 members of our Group Board completed the training. Employees whose roles expose them to potentially greater bribery and corruption-related risks are also required to undergo enhanced training on how to identify and respond to potential bribery and corruption risks.

Group Compliance develops the training in line with the Group Policy ABC and in consideration of local risks, regulations and requirements for each jurisdiction. The training is reviewed on an annual basis to incorporate new developments and requirements. This keeps our employees and management at the forefront of the prevention of bribery and corruption and helps us fulfil our ambition of being a responsible and ethical business.

6.4.3 Protected advice

Anti-bribery and anti-corruption (ABC) is a risk which affects all business lines. Comprehensive regulatory requirements — some with extra territorial reach including the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act — as well as a high level of regulatory scrutiny and extensive criminal enforcement with large penalties, fines or settlements drive up the inherent anti-bribery and anti-corruption risk for Zurich.

As outlined above, our employees are all subject to our Group Policy ABC[4] and Zurich Code of Conduct,[5] and we provide them with training and other resources which aim to prevent and detect potential misconduct. If employees suspect misconduct, we want them to feel comfortable reporting their concerns and feel supported by the organization when doing so.

There are multiple channels for our employees and other stakeholders to report alleged wrongdoing or suspected or actual illegal, fraudulent, improper or unethical conduct ("integrity concerns") to people managers, Compliance, HR and Legal. They can also use the Zurich Ethics Line (ZEL) to report integrity concerns anonymously, either via telephone or online via a web form. We do not tolerate retaliation against any employee or other person reporting an integrity concern with reasonable grounds to believe the information reported was true at the time of reporting.

The ZEL is available globally and offers support in a total of 25 languages. All integrity concerns are reviewed by a triage committee comprising representatives of Compliance, HR and Legal.

1 The code of conduct training includes the topic of anti-bribery and anti-corruption.
2 In 2023, the code of conduct training was also shared with various business partners depending on country requirements.
3 Excludes employees on a long-term leave during the training window, new joiners who joined after the cut-off date for the annual training assignment and employees who left the company before the assignment due date.
4 www.zurich.com/en/about-us/corporate-governance/code-of-conduct/we-care-about-business-integrity
5 www.zurich.com/about-us/corporate-governance/code-of-conduct

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

7. Appendix

Our targets and ambitions

To execute our refreshed Sustainability Framework, we have set ourselves both qualitative ambitions and quantitative targets. In line with our aim to be transparent, we report yearly on our progress against those ambitions and targets. Please note that parentheses around percentages or points indicate a reduction.

Table 21
Our targets and ambitions

Investment management

Our areas of focus	Our progress 2020 to 2023				Our targets 2025	2050	Targets without a deadline
Reduction of financed emissions							
Reduce emissions intensity of listed equity and corporate bond investments (metric tons CO2e/USD million invested) (compared to 2019)	**2020** (6)%	**2021** (21)%	**2022** (12)%	**2023** (43)%	**(25)%**	**Net-zero investment portfolio**	
Reduce emissions intensity of direct real estate investments (kgCO2e/m²) (compared to 2019)	**2020** (6)%	**2021** (20)%	**2022** (25)%		**(30)%**		
Engagement							
Engage companies producing 65% of portfolio emissions and lacking targets aligned with Paris Agreement (PA)		**2021** 46%	**2022** 54%	**2023** 60%	**65%**		
Climate solutions							
Increase allocation to climate solution investments (compared to 2019)	**2020** +9%	**2021** +11%	**2022** +17%	**2023** +25%			**Increase**
Avoid CO2e emissions through climate-related impact investment organization (per year)		**2021** 4.6 million metric tons CO2e	**2022** 3.2 million metric tons CO2e	**2023** 4.5 million metric tons CO2e			**Avoid 5 million metric tons CO2e**
Impact investment							
Share of total invested assets in impact investments	**2020** 2.5%	**2021** 3.3%	**2022** 3.8%	**2023** 4.6%	**5%**		
People to benefit from a positive contribution to their lives and livelihood (per year)		**2021** 3.6 million people	**2022** 4.7 million people	**2023** 4.6 million people			**5 million people**

Underwriting

Our areas of focus	Our progress 2021 to 2023			Our targets 2025	2030	2040	2050
Revenues from sustainable solutions (in USDm)	**2021**[1] 289	**2022**[2] 801	**2023** 1,360	**Increase**			
Full phase out of thermal coal from underwriting portfolio organization	Concluded on initial phase by 2021, ongoing monitoring of new business				**OECD and EU**[3]	**Rest of the world**[2]	**Net-zero UWR portfolio**

1 2021 amounts were calculated under IFRS 4 'Insurance Contracts' and not remeasured to IFRS 17 'insurance Contracts'.
2 Due to the adoption of IFRS 17 'Insurance Contracts' in 2023, the measurement of revenues from sustainable solutions in our Life business was remeasured and aligned to net flows.
3 Unless the company has formally approved science-based targets in place, which are approved by either SBTi or a similar scientifically accredited body.

7. Appendix (continued)

Our targets and ambitions (continued)

Own operations and supply chain

Our areas of focus	Our progress				Our targets		
	2020 to 2023				2025	2029	2030
Absolute reduction in all operational emissions[1] (compared to 2019)	**2020** (60)%[2]	**2021** (73)%	**2022** (70)%	**2023** (66)%	(60)%	(70)%	**Net-zero operational emissions**
Reduction of scope 1 and 2 emissions[1] (compared to 2019)	**2020** (41)%[2]	**2021** (56)%	**2022** (56)%	**2023** (57)%	(62)%	(80)%	
Reduction of scope 3 emissions[1,3] (compared to 2019)	**2020** (67)%[2]	**2021** (80)%	**2022** (74)%	**2023** (70)%	(60)%	(67)%	
% of MPS[4] **that is with suppliers having science-based targets**[5, 6]				**2023** 52.1%	**75% with science-based targets**[6]		
% of MPS[4] **that is with suppliers having net-zero targets**[5, 7]				**2023** 49.4%			**75% with net-zero targets**[7]

1 Cover-More, Farmers Group, Inc. and its subsidiaries, joint ventures and third party vendors are out of scope.
2 The 2020 numbers were restated as a number of data quality improvement opportunities were revealed during the assurance process. For a detailed overview, please see: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/Zurich-environmental-performance-data-2021.xlsx
3 Resulting from air, rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impact.
4 Managed procurement spend (MPS) means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations.
5 According to the 2022 baseline of managed procurement spend (MPS), excluding suppliers no longer active in the year of reporting.
6 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions.
7 We consider a supplier to have net-zero targets when their net-zero target is approved by the SBTi, a similar scientifically accredited body or otherwise has a public target to neutralize any residual scope 1 and 2 emissions.

Customer data

Our areas of focus	Our progress
	2020 to 2023
Keep customers' data safe	Never sell customers' personal data. Not share customers' personal data without being transparent about it. Put customers' data to work so Zurich can better protect them and so they can get the most out of life.

Our people

Our areas of focus	Our progress			Our targets
	2021 to 2023			2025
Internal hires	**2021** 68%	**2022** 71.2%	**2023**[1] 73.4%	**Increase**

1 As of 2023, we included Farmers Group, Inc. and Cover-More and have evolved the definition of this metric to include internal career opportunities generated for entry-level roles (career level A), international moves, re-hires, and changes in employment types from temporary to permanent. Entry-level roles (career level A) remain excluded from 'external hires' as these positions are, by nature, filled by external career starters.

7. Appendix (continued)

Table 22
Emissions profile

	In scope AuM (USDbn)						Absolute financed emissions (million metric tons CO2e)[1]					
	2023	**2022**	**2021**	**2020**	**2019 (baseline)**	**Diff (2023 to baseline)**	**2023**	**2022**	**2021**	**2020**	**2019 (baseline)**	**Diff (2023 to baseline)**
Zurich Corporate Portfolio	49.6	47.7	63.1	64.3	58.5	(15)%	3.8	5.7	6.8	8.3	7.9	(52)%
By investment asset class												
Listed equity	6.7	6.4	10.5	10.6	10.6	(37)%	0.4	0.5	0.7	0.8	1.0	(60)%
Corporate bonds	43.0	41.2	52.6	53.8	47.9	(10)%	3.4	5.1	6.0	7.5	7.0	(51)%
By region												
APAC	5.3	5.0	6.0	5.1	4.5	19 %	0.9	1.3	1.8	1.8	1.8	(51)%
EMEA	32.0	29.5	40.7	42.5	38.2	(16)%	2.2	3.2	3.9	4.8	4.5	(52)%
Americas	12.4	13.2	16.3	16.7	15.9	(22)%	0.8	1.2	1.1	1.6	1.7	(53)%
By sector												
Utilities	4.0	4.0	4.8	4.7	4.4	(8)%	1.4	2.2	2.9	2.7	2.7	(46)%
Government-owned	1.9	1.7	2.2	2.6	2.7	(28)%	0.5	0.9	0.8	1.3	1.4	(64)%
Energy	1.8	1.9	2.5	2.7	2.1	(16)%	0.5	0.7	0.8	1.0	0.7	(20)%

1 Financial emissions cover scope 1+2 of underlying companies (listed equities and listed corporate credit) attributed with enterprise value methodology and matched, based on most recently available emission data.
2 Committed or set targets under SBTi.

	In scope AuM (USDbn)					Absolute emissions (metric tons CO2e)				
	2022	**2021**	**2020**	**2019 (baseline)**	**Diff (2022 to baseline)**	**2022**	**2021** [3,4]	**2020** [3,4]	**2019 (baseline)**	**Diff (2022 to baseline)**
Zurich global real estate	10.3	11.1	12.5	11.7	(12)%	37,110	39,362	50,669	53,181	(30)%
APAC	0.1	NA	NA	NA	NA	555	NA	NA	NA	NA
EMEA	8.3	9.4	10.8	10.0	(17)%	27,183	27,897	37,244	41,153	(34)%
Americas	1.8	1.7	1.7	1.7	9%	9,372	11,465	13,425	12,028	(22)%

3 The CO2e emissions are calculated according to the location based method. In cases where the data is available or properties use onsite/offsite renewable energies, the market based methodology is applied.
4 The emission factors are retrieved from the International Energy Agency (IEA, 2020) with the exception of Switzerland for local calculation references (Intep, REIDA 2022 and local authorities) which are aligned with IEA.
5 The relative emissions intensity is calculated based on gross floor area (GFA) of the buildings.
6 Real estate emissions are only available with a four-quarter lag. 2023 emissions will be reported in the 2024 report. Includes investment portfolio buildings only, as own-use buildings are part of our operational emissions target.
7 Direct real estate holdings form the base for the emission reduction targets. There are no applicable figures for the APAC region available.

7. Appendix (continued)

Relative emission intensity (metric tons CO2e/1 million market value)							% of financed emissions with SBT						
2023	2022	2021	2020	2019 (baseline)	Diff (2023 to baseline)	Target	2023	2022[2]	2021	2020	2019 (baseline)	Diff (2023 to baseline)	% of financed emissions in run-off under coal/oil sands policy 2023
77	119	108	128	136	(43)%	(25)%	21.8	23.3	19.9	19.5	14.3	53%	4.7
57	84	71	74	90	(37)%		22.2	25.9	25.1	27.8	22.6	(2)%	
80	125	115	139	146	(45)%		21.8	23.0	19.3	18.7	13.2	66%	
164	261	292	355	400	(59)%		6.3	6.5	1.2	1.6	1.2	448%	18.0
68	108	95	113	118	(42)%		32.8	35.7	32.4	31.3	22.9	43%	0.5
63	89	70	98	105	(40)%		8.6	8.2	6.1	4.3	5.3	63%	1.6
358	547	600	565	616	(42)%		16.8	19.3	16.7	17.9	14.4	17%	11.5
262	518	375	498	529	(50)%		40.1	27.5	26.5	24.3	5.4	637%	2.3
290	383	310	384	305	(5)%		0.0	0.0	0.0	0.0	0.0	0%	0.6

Relative emission intensity (kg CO2e/sqm)					
2022	2021	2020	2019 (baseline)	Diff (2022 to baseline)	Target
16.2	17.2	20.4	21.6	(25)%	(30)%
56.0	NA	NA	NA	NA	
17.9	18.2	21.3	22.9	(22)%	
12.4	15.3	18.1	18.0	(31)%	

7. Appendix (continued)

Table 23

Swiss Code of Obligations reference table

The sections listed in the table below are the main source of information on a given matter. There may be additional information in other parts of the report.

Legal basis		Sustainability matters	Disclosure
Art. 964b para. 1	Information required to understand our business		– AR 7 section Group overview: Our performance – AR 8 section Group overview: Our business mix – AR 14 section Group overview: Business environment – AR 18 section Group overview: Our global business – AR 257 section Financial review: Financial highlights
Art. 964b para. 2 no. 1	Description of our business model		– AR 12 to 13 section Group overview: Our business model
Art. 964b para. 2 no. 2	Description of our policies (incl. the due diligence applied)	Environmental matters (incl. CO2 goals)	– AR 126 section 2.1.3 Our refreshed Sustainability Framework – AR 137 introduction to chapter 4. Our planet: Drive positive impact – AR 138 sections 4.1 Strategy and 4.1.1 Our approach to climate change risk
		Social matters	– AR 126 section 2.1.3 Our refreshed Sustainability Framework – AR 131 to 134 section 2.3 Involving our stakeholders – AR 180 to 191 chapter 5. Our customers: Their needs are at the heart of everything we do
		Employee-related matters	– AR 126 section 2.1.3 Our refreshed Sustainability Framework – AR 192 to 201 sections 6.1 Attracting and retaining talent for a sustainable future and 6.2 A positive work environment
		Human rights matters	– AR 132 section 2.3.2 Supply chain – AR 201 to 203 section 6.3 Respecting human rights
		Corruption matters	– AR 203 to 204 section 6.4 Prevention of bribery and corruption
Art. 964b para. 2 no. 3	Presentation of the measures we take to implement our policies and assessment of their effectiveness	Environmental matters (incl. CO2 goals)	– AR 137 to 179 chapter 4. Our planet: Drive positive impact
		Social matters	– AR 131 to 134 section 2.3 Involving our stakeholders – AR 180 to 191 chapter 5. Our customers: Their needs are at the heart of everything we do
		Employee-related matters	– AR 193 to 201 sections 6.1 Attracting and retaining talent for a sustainable future and 6.2 A positive work environment
		Human rights matters	– AR 132 section 2.3.2 Supply chain – AR 201 to 203 section 6.3 Respecting human rights
		Corruption matters	– AR 203 to 204 section 6.4 Prevention of bribery and corruption
Art. 964b para. 2 no. 4	Description of the main risks and how we are dealing with these risks	Environmental matters (incl. CO2 goals)	– AR 123 to 125 section 2.1.2 Assessing materiality – AR 128 to 131 section 2.2 Managing risks and opportunities – AR 138 to 161 section 4.1 Strategy – AR 162 to 164 section 4.3 Risk management
		Social matters	– AR 123 to 125 section 2.1.2 Assessing materiality – AR 128 to 131 section 2.2 Managing risks and opportunities – AR 181 to 191 chapter 5. Our customers: Their needs are at the heart of everything we do
		Employee-related matters	– AR 123 to 125 section 2.1.2 Assessing materiality – AR 128 to 129 section 2.2 Managing risks and opportunities – AR 193 to 201 sections 6.1 Attracting and retaining talent for a sustainable future and 6.2 A positive work environment
		Human rights matters	– AR 128 to 131 section 2.2 Managing risks and opportunities – AR 132 section 2.3.2 Supply chain – AR 201 to 203 section 6.3 Respecting human rights
		Corruption matters	– AR 128 to 129 section 2.2 Managing risks and opportunities – AR 203 to 204 section 6.4 Prevention of bribery and corruption

7. Appendix (continued)

Legal basis		Sustainability matters	Disclosure
Art. 964b para. 2 no. 5	Main performance indicators	Environmental matters (incl. CO2 goals)	– AR 117 Executive message, Sustainability highlights 2023 – AR 127 section 2.1.4 Our targets and ambitions – AR 164 to 179 section 4.4 Metrics and targets – AR 182 to 185 section 5.1.1 Revenues from sustainable solutions
		Social matters	– AR 117 Executive message, Sustainability highlights 2023 – AR 127 section 2.1.4 Our targets and ambitions – AR 131 to 134 section 2.3 Involving our stakeholders – AR 182 to 191 chapter 5. Our customers: Their needs are at the heart of everything we do
		Employee-related matters	– AR 117 Executive message, sustainability highlights 2023 – AR 127 section 2.1.4 Our targets and ambitions – AR 192 Introduction to chapter 6. Our people: Let's grow together – AR 193 to 201 sections 6.1 Attracting and retaining talent for a sustainable future and 6.2 A positive work environment
		Human rights matters	– AR 132 section 2.3.2 Supply chain – AR 201 to 203 section 6.3 Respecting human rights
		Corruption matters	– AR 203 to 204 section 6.4 Prevention of bribery and corruption
Art. 964b para. 3	References to national, European or international regulations		– AR 119 section 1. Introduction to the SR

7. Appendix (continued)

Table 24

Assurance scope

The below reference table gives an overview of the metrics which have been externally assured for the year ended 31 December 2023 unless otherwise stated. The assurance degree (reasonable, limited) and the framework or standard used are detailed for each metric.

Where	Assured metric Table / figures / KPI	Title	Assurance degree	Annual report	Framework/Standard
Chapter 2 Creating positive impact for stakeholders					
	KPI	% of MPS with suppliers in compliance with or exceeding our SCOC	Limited	132	Zurich Insurance Group's methodology[1]
	KPI	% of MPS with suppliers that have science-based emissions reduction targets	Limited	132	Zurich Insurance Group's methodology
	KPI	% of MPS with suppliers that have net-zero targets	Limited	132	Zurich Insurance Group's methodology
	Table 2	Charitable cash contributions	Limited	134	Zurich Insurance Group's methodology
Chapter 4 Our planet: Drive positive impact					
	Figure 10	Annual Expected Loss for top five peril regions	Limited	142	Zurich Insurance Group's methodology
	Figure 12	Probable Maximum Loss by top three peril regions	Limited	143	SASB Standards
	KPI	Revenues from energy efficiency and low-carbon technologies	Limited	166	SASB Standards
	Table 4	Engagement progress	Limited	168	Zurich Insurance Group's methodology
	Figure 20	Engagement progress for top 10 emitters without science-based targets (SBTs)	Limited	168	Zurich Insurance Group's methodology
	Figure 21	Top 10 emitters without science-based targets (SBTs) by sector and region	Limited	169	Zurich Insurance Group's methodology
	Table 5	Assets under Management: corporate portfolio	Limited	170	Zurich Insurance Group's methodology
	Table 6	Absolute and relative emissions of the corporate portfolio	Limited	171	Zurich Insurance Group's methodology
	Table 7	Corporate portfolio emissions with commitments or in run-off	Limited	172	Zurich Insurance Group's methodology
	Table 8	Assets under Management: real estate portfolio (year-end 2022)	Limited	172	Zurich Insurance Group's methodology
	Table 9	Absolute and relative emissions of the real estate portfolio (year-end 2022)	Limited	172	Zurich Insurance Group's methodology
	KPI	Coverage ratio real estate portfolio (year-end 2022)	Limited	173	Zurich Insurance Group's methodology
	Table 10	% green certified buildings in total real estate	Limited	174	Zurich Insurance Group's methodology
	Table 11	Climate solutions	Limited	174	Zurich Insurance Group's methodology
	Table 12	Investment portfolio managed by responsible investors	Limited	175	Zurich Insurance Group's methodology
	Figure 23	Proxy voting	Limited	175	Zurich Insurance Group's methodology
	KPI	People benefited and emissions avoided through impact investment portfolio	Limited	176	Zurich Insurance Group's methodology

1 Regarding performance indicators in line with Zurich Insurance Group's methodology, a description of the methodology is included in the relevant sections of the sustainability report.

7. Appendix (continued)

Where	Assured metric: Table / figures / KPI	Assured metric: Title	Assurance degree	Annual report	Framework/Standard
Chapter 4 Our planet: Drive positive impact (continued)					
	Figure 24	Impact metrics	Limited	177	Zurich Insurance Group's methodology
	Table 13	Impact investing portfolio	Limited	177	Zurich Insurance Group's methodology
	Table 14	Absolute carbon emissions coming from our own operations	Reasonable	179	GRI Standards
Chapter 5 Our customers: Their needs are at the heart of everything we do					
	Figure 25	Revenues from sustainable solutions split by region & sustainable category	Limited	183	Zurich Insurance Group's methodology
	Figure 26	Revenues from sustainable solutions by product category	Limited	184	Zurich Insurance Group's methodology
	Figure 27	Retail	Limited	187	SASB Standards
	KPI	Employees completing data protection and privacy training	Limited	189	Zurich Insurance Group's methodology
	KPI	Employees completing information security awareness training	Limited	189	Zurich Insurance Group's methodology
Chapter 6 Our people: Let's grow together					
	KPI	Total Group headcount	Limited	193	Zurich Insurance Group's methodology
	Table 16	New hires	Limited	193	WEF IBC metrics
	Table 17	Internal hires	Limited	194	Zurich Insurance Group's methodology
	Table 18	Average learning hours	Limited	195	WEF IBC metrics
	KPI	Average training expenditure per full time employee	Limited	195	WEF IBC metrics
	Table 19	Turnover	Limited	197	WEF IBC metrics
	Table 20	Workforce composition	Limited	199	WEF IBC metrics
	KPI	Employees completing anti-corruption training overall and by region	Limited	204	WEF IBC metrics
WEF IBC index					
	KPI	Financial assistance received from the government	Limited	WEF Index table	WEF IBC metrics

8. Independent assurance report

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/ch

To the Executive Committee of
Zurich Insurance Group Ltd, Zurich

Zurich, February 28, 2024

Independent assurance report on sustainability KPIs in 2023 Annual Report

We have been engaged to perform assurance engagements on certain metrics disclosed in the Annual Report 2023 of Zurich Insurance Group Ltd and its subsidiaries (Zurich Insurance Group) for the year ended December 31, 2023 (the Report). Specifically, for the following metrics, contained in the Sustainability Report, integrated in the Annual Report 2023, we were engaged to provide:

- limited assurance on selected environmental, governance and social key performance indicators in the Report (KPIs in scope of limited assurance).
- reasonable assurance on selected environmental key performance indicators in the Report (KPIs in scope of reasonable assurance).

An overview of the KPIs in scope of the limited and reasonable assurance is attached as appendix to our independent assurance report (the Appendix).

Other than as described in the previous paragraph, which sets out the scope of our engagements, we have not conducted assurance procedures on the remaining information contained in the Report and, accordingly, we do not express a conclusion on this information.

Applicable criteria

Zurich Insurance Group defined as applicable criteria (applicable criteria):

- Global Reporting Initiative Standards (GRI) complemented by Zurich Insurance Group's methodology for environmental indicators 2023 for KPIs listed under 'Reasonable assurance' section in the Appendix. A description of the methodology is available under 'Zurich's path to net-zero operations' at: https://www.zurich.com/sustainability/planet/net-zero-in-operations, 'Overview of operational emissions targets and results'.
- SASB Insurance reporting standard for KPIs listed under 'SASB standard disclosures' section in the Appendix. The guideline is presented on the SASB webpage at: https://www.sasb.org/standards/download/.
- World Economic Forum's (WEF) Metrics of Sustainable Value Creation for KPIs listed under 'WEF IBC metrics' section in the Appendix. The guideline is presented on the WEF webpage at: https://www.weforum.org/stakeholdercapitalism/our-metrics.
- Zurich Insurance Group's own methodology for KPIs listed under 'Disclosures based on Zurich Insurance Group's own methodology' section in the Appendix. A description of the methodology for these performance indicators is included in the relevant sections of the sustainability disclosures as listed in the Appendix.

We believe that these criteria are a suitable basis for our limited and reasonable assurance engagements.

8. Independent assurance report (continued)

Responsibility of the management of Zurich Insurance Group
The management of Zurich Insurance Group is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality assurance
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), 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 Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Limited assurance:
Our responsibility is to express a conclusion on the KPIs in scope of limited assurance based on the evidence we have obtained.

Reasonable assurance:
Our responsibility is to express an opinion on the KPIs in scope of reasonable assurance based on the evidence we have obtained.

We conducted our limited and reasonable assurance engagements in accordance with the International Standard for Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform the engagement to obtain reasonable and limited assurance as to whether the KPIs in the Report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs.

Limited assurance:
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance. Consequently, the level of assurance obtained for a limited assurance is significantly lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

8. Independent assurance report (continued)

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Inquiries of Zurich Insurance Group's representatives responsible for collecting, consolidating, and calculating the KPIs to assess the process of preparing the data, the reporting system, the completeness of the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement
- Inspection of the relevant documentation of the systems and processes for compiling, analyzing, and aggregating the KPIs and testing such documentation on a sample basis
- Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the KPIs
- Checks that the calculations have been correctly applied in accordance with the methodologies outlined in the criteria
- Analytical procedures on the Report regarding plausibility and consistency with the KPIs
- Site visits, inquiries, and inspection of documents on a sample basis

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Reasonable assurance:
A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the KPIs in scope of reasonable assurance. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the KPIs in scope of reasonable assurance. In making those risk assessments, we considered internal controls relevant to Zurich Insurance Group's preparation of the KPIs in scope of reasonable assurance.

Our reasonable assurance procedures included, amongst others, in addition to the procedures listed above for the limited assurance engagement, the following work:

- Site visits (physical or virtual) in selected countries to visually inspect operations, perform inquiries and inspect documents on a sample basis
- Testing, on a sample basis, of underlying source information to check the accuracy of the data
- Identification and testing of assumptions supporting calculations
- Evaluation of the overall presentation, structure and content of the environmental disclosures

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Conclusion – limited assurance
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs in scope of limited assurance have not been prepared, in all material respects, in accordance with the applicable criteria.

8. Independent assurance report (continued)

Opinion – reasonable assurance
In our opinion, the KPIs in scope of reasonable assurance are prepared and presented, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Yana Toengi	Mark Veser
Partner	Executive in charge

Appendix: Performance indicators in assurance scope

8. Independent assurance report (continued)

EY
Building a better working world

Appendix: Performance indicators in assurance scope

Limited assurance

KPIs reported for year 2023

SASB standard disclosures

- Figure 12: Probable maximum loss by top three peril regions in Section 4.1.3 Natural catastrophe modeling: current exposure to physical risk on page 143, see also FN-IN-450a.1 in SASB index table online at: https://www.zurich.com/sustainability/reporting
- Revenues from energy efficiency and low-carbon technologies in Section 4.4.2 Our performance metrics on page 166, see also FN-IN-410b.1 in SASB index table online (see link above)
- Figure 27: Retail – customer retention rate 2023 in section 5.2 Customer attraction and retention on page 187, see also FN-IN-270a.3 in SASB index table online (see link above)

WEF IBC metrics

- Table 16: New hires in Section 6.1 Attracting and retaining talent for a sustainable future on page 193
- Table 18: Average learning hours in Section 6.1.2 Learning and development on page 195
- KPI on average training expenditure per full time employee in Section 6.1.2 Learning and development on page 195
- Table 19: Turnover in Section 6.1.4 Retention on page 197
- Table 20: Workforce composition in Section 6.2.1 Our commitment to diversity, equity, inclusion and belonging on page 199
- KPIs on employees completing anti-corruption training overall and by region in Section 6.4.2. Training and awareness on page 204
- Financial assistance received from the government in WEF IBC index table online, disclosure 'Employment and wealth generation', reference 'Economic contribution' at: https://www.zurich.com/sustainability/reporting

Disclosures based on Zurich Insurance Group's own methodology

- KPI on percentage of managed procurement spend (MPS) with suppliers in compliance with or exceeding Zurich's Supplier Code of Conduct (SCOC) expectations in Section 2.3.2 Supply chain on page 132
- KPI on percentage of managed procurement spend (MPS) with suppliers that have science-based emissions reduction targets in Section 2.3.2 Supply chain on page 132
- KPI on percentage of managed procurement spend (MPS) with suppliers that have net-zero targets in Section 2.3.2 Supply chain on page 132
- Table 2: Charitable cash contributions figures in Section 2.4.3 Community investment on page 134
- Figure 10: Annual expected loss for top five peril regions in Section 4.1.3 Natural catastrophe modeling: current exposure to physical risk on page 142
- Table 4: Engagement progress in Section 4.2.2 Our performance metrics on page 168
- Figure 20: Engagement progress for top 10 emitters without science-based targets (SBTs) in Section 4.4.2 Our performance metrics on page 168
- Figure 21: Top 10 emitters without science-based targets (SBTs) by sector and region in Section 4.4.2 Our performance metrics on page 169
- Table 5: Assets under Management: corporate portfolio in Section 4.4.2 Our performance metrics on page 170
- Table 6: Absolute and relative emissions of the corporate portfolio in Section 4.4.2 Our performance metrics on page 171
- Table 7: Corporate portfolio emissions with commitments or in run-off in Section 4.4.2 Our performance metrics on page 172

8. Independent assurance report (continued)

EY Building a better working world

- Table 10: % green certified buildings in total real estate in Section 4.4.2 Our performance metrics on page 174
- Table 11: Climate solutions in Section 4.4.2 Our performance metrics on page 174
- Table 12: Investment portfolio managed by responsible investors in Section 4.4.2 Our performance metrics on page 175
- Figure 23: Proxy voting in Section 4.4.2 Our performance metrics on page 175
- KPIs on people benefited and emissions avoided through impact investment portfolio in Section 4.4.2 Our performance metrics on page 176
- Figure 24: Impact metrics in Section 4.4.2 Our performance metrics on page 177
- Table 13: Impact investing portfolio in Section 4.4.2 Our performance metrics on page 177
- Figure 25: Revenues from sustainable solutions split by region & sustainable category in Section 5.1.1. Revenues from sustainable solutions on page 183
- Figure 26: Revenues from sustainable solutions by product category in Section 5.1.1. Revenues from sustainable solutions on page 184
- KPIs on employees completing data protection and privacy training in Section 5.4. Digital confidence and trust on page 189
- KPIs on employees completing information security awareness training in Section 5.4. Digital confidence and trust on page 189
- KPI on total Group headcount in Section 6.1 Attracting and retaining talent for a sustainable future on page 193
- Table 17: Internal hires in Section 6.1 Attracting and retaining talent for a sustainable future on page 194

KPIs reported for year 2022

Disclosures based on Zurich Insurance Group's own methodology

- Table 8: Assets under Management: real estate portfolio in Section 4.4.2 Our performance metrics on page 172
- Table 9: Absolute and relative emissions of the real estate portfolio in Section 4.4.2 Our performance metrics on page 172
- KPI on Coverage ratio real estate portfolio in Section 4.4.2 Our performance metrics on page 173

Reasonable assurance

GRI Reporting Initiative Standard disclosures

- Table 14: Absolute carbon emissions coming from our own operations in Section 4.4.2 Our performance metrics on page 179