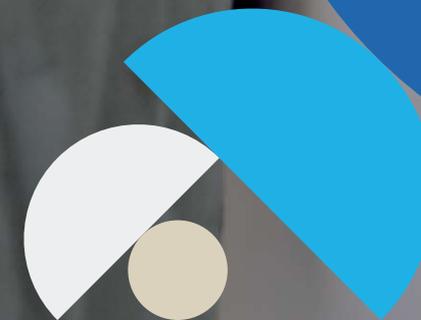


150
years

Z ZURICH®

Inspiring action together.

Zurich Insurance Group
Sustainability Report 2021



This Sustainability Report describes Zurich's progress toward our ambition to be one of the most responsible and impactful businesses in the world. We aim to create sustainable value for our customers, employees, shareholders and the communities where we live and work. This report complements the integrated sustainability disclosure (ISD) in the Annual Report 2021.

Visit our Group website to access further reports and information: www.zurich.com



Annual Report 2021
Read more about our Group strategy, operations, integrated sustainability disclosures and performance.
Available online at: www.zurich.com/en/investor-relations/results-and-reports



Z Zurich Foundation Report 2020
Read more about the work of the Z Zurich Foundation.
Available online at: www.zurich.foundation/en/about-us/publications



Sustainability website 2021
Read more about Zurich's sustainability strategy, commitment and actions.
Available online at: www.zurich.com/en/sustainability



State of the art
Our COP26 statue (front cover image) is sculpted from material made with captured carbon.
Find out more in our Annual Report 2021: page 26

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Our approach

At Zurich, being a responsible and sustainable company is at the foundation of our business. We're swiftly reducing our own carbon footprint, helping our customers adopt more sustainable behaviors, supporting employee wellbeing, and helping communities become more resilient to natural hazards and extreme weather.

Inspiring action

It's important to be optimistic.

The year 2021 shone a spotlight on many of the current environmental, social and economic challenges we face today. Together with our customers, employees and partners, we can maintain our momentum in sustainability in the years ahead to achieve our goals.

 **Linda Freiner**
Group Head of Sustainability



Message from our Group CEO

Inspiring action

Creating a mindset of change.

The risks to society are complex. There are no easy solutions to risks such as climate change, the pandemic or social inequality that span countries and generations, and that all depend on each other. Nevertheless, I'm optimistic when I see the energy and empathy with which many people are rising to the challenge.

Mario Greco Group Chief Executive Officer



Zurich is determined to be among those who are making society more resilient to risks, protecting people and the planet that supports us. And we are committed to working with all those who share our ambition: governments, companies and individuals at a global, national and local level. Our impact is much greater together.

We're also working to create a mindset of change, to empower everyone to make a contribution, however large or small. By inspiring action every day, in our interactions with customers, partners, colleagues and investee companies, we can collectively tackle the risks.

Toward a 1.5°C future

We have been working to align ourselves with the UN Business Ambition Pledge to limit global temperature rise to 1.5°C since becoming a signatory in 2019. In 2021, the need for climate action assumed greater urgency: we pledged to use every lever available to speed up the transition to a net-zero emission economy.

We committed to deepening emissions cuts for our operations, which have been carbon-neutral since 2014. New measures include cutting emissions from corporate travel in recognition of the changes that need to be made to make a 1.5°C future a reality.

That said, the journey to net zero is one we must make together with others. So, we are using our influence as investor and insurer to urge companies to set their own targets for a 1.5°C future. And, we launched the insurance industry's first carbon-neutral equity fund – a new sustainable savings option for life insurance customers.

Being a services company, what we do can seem abstract to many.

To bring our climate commitment to life for our colleagues and customers we are growing the Zurich Forest in Brazil, where already more than 200,000 seedlings have been planted since we joined forces with non-profit Instituto Terra in late-2020.

Inspiring confidence in a digital future

Trust is at the foundation of our business as an insurer. Each time we underwrite a policy, our customers place their trust in us to protect them – something we've done since Zurich was founded 150 years ago, in 1872. Trust also underpins our approach to digitalization.

From working, to shopping, to seeking healthcare: we can now perform many tasks through a device, often at the touch of a button. But the convenience and connectivity come with risks. It's our goal to become a leader in handling data responsibly – and thereby build trust in a digital future. At the same time, we're supporting the transformation by making insurance products and services that work for customers and fit seamlessly into their lives, such as the health and wellbeing app, LiveWell.

Empowering our people

People drive our business, so future proofing our workforce is the right thing to do as a responsible employer, as well as a business imperative, to guarantee Zurich's longevity. The continuation of the pandemic into 2021 underscored the importance of promoting wellbeing among employees, which we were able to support with in many ways including online toolkits and campaigns covering everything from mental stress and backpain to virtual fatigue. At the same time, we focused on inspiring employees to take control of their careers through upskilling and reskilling, as well as attracting early-in-career talent with a new internship program at our global business.

Fostering employee satisfaction involves listening to employees before taking action. The power of listening has been demonstrated by our German business unit. Once the lowest ranked in the Group for employee net promoter system (ENPS) score, Germany gained 122 points between 2017 and 2021 – a remarkable increase achieved by working with employees.

Working for our communities

Our ambition to be one of the most responsible and impactful businesses in the world also inspires us to take action in the communities where we live and work.

The Zurich Flood Resilience Alliance epitomizes collective action. It is a group of partners from civil society, humanitarian NGOs, the private and the research sector, that work on the ground to empower communities to become more resilient. The importance of the Alliance's work on adaptation has only grown in 2021, a year of severe weather events.

The Z Zurich Foundation¹, too, achieved much in 2021 with the largest fundraising campaign since it was established in 1973. I am proud of the joint effort of Zurich's offices, employees, customers and distributors, who together with the Z Zurich Foundation raised enough money for UNICEF to deliver two doses of COVID-19 vaccine to more than 1.7 million of the world's most vulnerable people.

As we embed sustainability into everything we do, we are optimistic that we will achieve our own sustainability ambitions and that our customers, employees, partners and communities will join us on this journey.

Mario Greco Group Chief Executive Officer

¹ The Z Zurich Foundation is a Swiss-based charitable foundation funded by various members of the Group. It is the main vehicle by which Zurich delivers on its global community investment strategy.

About Zurich

Creating a brighter future together.

We are a leading multi-line insurer that serves its customers in global and local markets.

About Zurich

Zurich Insurance Group (Zurich) is a leading multi-line insurer serving more than 55 million customers – both people and businesses – in more than 210 countries and territories. Founded 150 years ago, Zurich is transforming insurance. In addition to providing insurance protection, Zurich is increasingly offering prevention services such as those that promote wellbeing and enhance climate resilience.

Reflecting its purpose to ‘create a brighter future together’, Zurich aspires to be one of the most responsible and impactful businesses in the world. It is targeting net-zero emissions by 2050 and is one of the world’s most sustainable insurers, as shown by the S&P Global Corporate Sustainability Assessment. In 2020, Zurich launched the Zurich Forest project to support reforestation and biodiversity restoration in Brazil.

The Zurich Group has about 56,000 employees and is headquartered in Zurich, Switzerland. Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depository Receipt (ZURVY) program, which is traded over-the-counter on OTCQX.

 **Read more:** www.zurich.com

Our purpose and values

Create a brighter future together

Our purpose defines who we are, who our stakeholders are, and the impact we want to have in the world. It builds on our legacy and better reflects how we serve the needs of our customers, employees, partners and society. For Zurich, being a responsible and impactful business is a principle that informs every action we take.

 **Read more:** [Our strategic priorities](#)
[Our purpose and values](#)

1 Total revenues excluding net investment result on unit-linked investments.
2 Impact investments in 2021 consisted of: green, social and sustainability bonds (USD 5.8 billion), impact private equity (USD 211 million) and impact infrastructure private debt (USD 980 million).

Key figures

~56,000
Employees

USD 5.7bn
Business operating profit

USD 69.9bn
Total revenues¹

>210
Countries and territories

AA/stable
Standard & Poor’s financial strength rating of Zurich Insurance Company Ltd as of December 31, 2021

USD 7.0bn
Total amount of impact investments²



Inspiring action

Forward thinking.

A new state-of-the-art solar installation is expected to generate more than 70 percent of the electricity consumed at our head office building on the Isle of Man. The Zurich Internal Carbon Fund provided some of the upfront costs to get the project off the ground. “I’m passionate about what I do and actively encourage staff to get involved,” says Jason Buckley, Facilities Manager on the Isle of Man, who has a personal goal of achieving zero emissions for the office by the end of 2022.

 **Jason Buckley**
Facilities Manager, Zurich Isle of Man

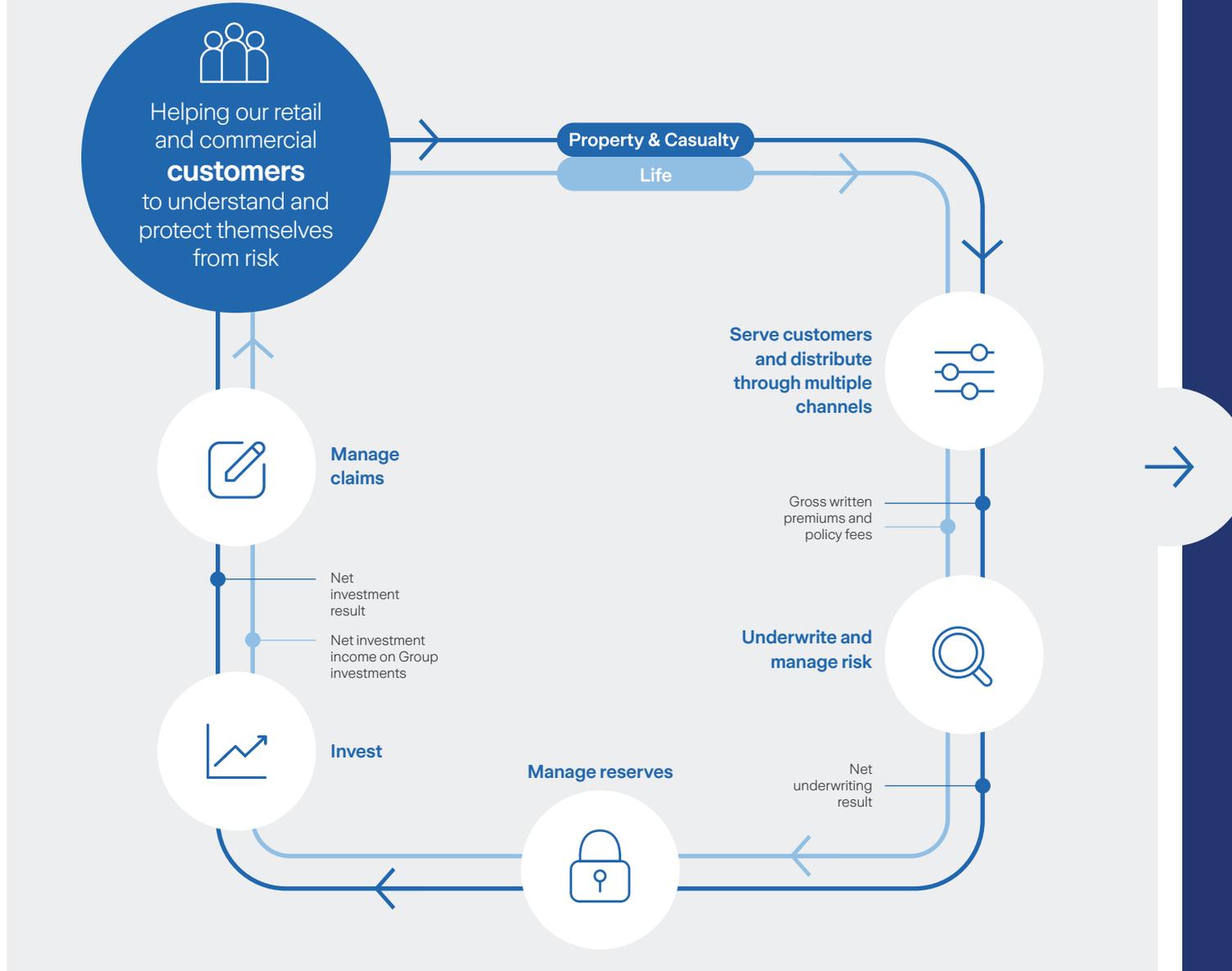
Our business model

We create sustainable value.

For a century and a half, we have refined our business model to generate value for all our stakeholders.

[Read more:](#)
Zurich Annual Report 2021 (Business model)

What we do



How our stakeholders benefit

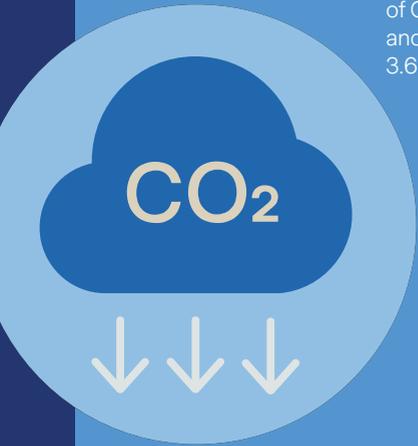
Customers
Commercial, small- to medium-sized enterprises and individuals.

Employees
Around 56,000 employees worldwide.

Investors
Creating sustainable value for shareholders.

Planet
Supporting communities where we live and work.

2021 headlines



Our impact investment portfolio of USD 7bn helped avoid 4.6m tons of CO2-equivalent emissions and improved the lives of 3.6m people, on an annual basis.

100%

renewable power at our offices by 2022.

Set science-based targets of 70 percent reduction in CO2-equivalent emissions by 2029.¹

Established Group-wide climate strategy to align our business with a 1.5°C future.

1.5°C



Launched 'MyGuru', a platform enabling employees to connect with each other and form mentoring partnerships.



Established Zurich as a global employer of choice through external certifications and recognitions.

5,000+ NextGen hires



We set up our own publicly accessible vaccination center in Switzerland.

Since 2016, Zurich has hired more than 5,000 next generation talents via apprenticeships, internships and other outreach opportunities.

Launched our Supplier Code of Conduct which sets out clear environmental, social and ethical expectations for our suppliers, globally.

Partnering with non-profit Instituto Terra to help restore 700 hectares of nature in Brazil's Atlantic Forest.

We launched an industry-first Carbon Neutral World Equity Fund.

Zurich Resilience Solutions broadened climate change resilience services to include sustainability and climate solutions.

A million people

We interviewed around one million customers in 2021 through our net promoter system (NPS) programs across our business and took action based on their feedback.



Comprehensive field-testing of our Artificial Intelligence (AI) Assurance Framework to guide the responsible and ethical use of AI across the organization.

1.7m+ people

The Z Zurich Foundation raised enough funds to help UNICEF deliver two doses of COVID-19 vaccine to more than 1.7m people.



The Zurich Flood Resilience Alliance quadrupled the number of communities it supports to 300 communities in 23 countries.



¹ Based on 2019 level.

Ratings and indices

Ranking highly.

We use stakeholder feedback to monitor our progress and improve our sustainability performance. We do this through a number of measures, including customer and employee surveys, and sustainability indices.



External indices track our progress and help us improve our sustainability performance

Zurich is a constituent of the MSCI ESG Select Leaders Index. MSCI is an independent provider of research-driven insights and tools for institutional investors. As of October 2021, Zurich Insurance Group AG received an MSCI ESG Rating of 'AA.' The highest possible rating is 'AAA.'

Zurich outperformed 99 percent of other companies in the insurance industry group, according to the 2021 Dow Jones Sustainability Indices (DJSI) Review, and received 'Bronze Class' distinction. Zurich is a member of the DJSI World and DJSI Europe indices.

Since 2004, Zurich has submitted annually a 'climate change response' to CDP, a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Zurich's 2021 submission score was 'A- Leadership Level.'

Zurich has been a constituent of the FTSE4Good Index Series since the index was introduced in 2001. Our ESG Rating Absolute Score in June 2021 was 4.2, compared with the highest possible score of 5.

[Read more:](#) External monitoring, indices and commitments

ESG ambition

MSCI ESG RATINGS	AA rating¹
Member of Dow Jones Sustainability Indices <small>Powered by the S&P Global CSA</small>	In top 1% of insurance peer group²
 FTSE4Good	Absolute Score of 4.2 (out of 5)³
 CDP <small>DISCLOSURE INSIGHT ACTION</small>	A- Leadership Level⁴

Our long-term commitments



Our engagement partners

- Lead author of the World Economic Forum Global Risk Report.
- Founding member of the Net-Zero Asset Owner Alliance.
- Founding member of the Net-Zero Insurance Alliance.
- Member of Coalition for Climate Resilient Investment.
- Member of Insurance Development Forum.

1 MSCI ESG Rating Report Aug 2021.
 2 S&P Global ESG Score 2021 (previously RobecoSAM).
 3 FTSE Industry Classification Benchmark (ICB), Jun 2021.
 4 CDP Climate Change 2021 score.

Our strategy
Interview with Group Head of Sustainability

Q&A with Linda Freiner



“
Collective action is key to tackling climate change.”

Linda Freiner
Group Head of Sustainability

As Group Head of Sustainability, Linda Freiner ensures Zurich integrates sustainability across all parts of the business, from developing strategy to overseeing implementation and reporting on progress.

What have been some key achievements in sustainability in 2021?

The urgency with which we have been working on environmental topics accelerated markedly in 2021, both within Zurich and more widely in the insurance industry. We co-founded the Net-Zero Insurance Alliance, for which we committed to transition underwriting portfolios to net-zero greenhouse gas emissions by 2050. We set climate targets for our investments and announced a raft of ambitious sustainable operations goals to reflect our commitment to lead by example. This includes reducing air travel-related emissions as of 2022 by 70 percent compared with pre-pandemic levels.

How can we inspire people to take action for the planet?

We need to change the narrative of how insurers view climate change. It's not just a risk; there are also opportunities in transitioning to a more sustainable society. Hope and optimism motivate people and that's why we've embedded positivity into the Zurich brand. Another element is creating a sense of urgency to act now, not later. And finally, it's about the way we act as a company that drives our sustainability ambition forward. We want to inspire customers, partners and communities to take action. And this starts with inspiring our employees, as the best way to inspire others is by taking action ourselves.

How can individual action make a difference?

Collective action is key to tackling climate change. We can all contribute something, however small. If this is done consistently and together with others, we can make a difference. One way we're trying to encourage employees to take action is through our carbon fund, which we launched in 2021. Colleagues from around the world can apply for funding to develop projects that help us reduce our carbon footprint further. We have already had applications for two solar energy projects, one in Mexico and the other in the Isle of Man (see page 3) among other exciting projects.

In terms of our commercial customers, we're engaging with them from both an investment and insurance angle to try to support their sustainability transition, be that through greener investments or sustainable insurance solutions. This only works, however, if we have credibility ourselves. We gain this by setting tough goals for ourselves and delivering on them.

Which is more effective in creating change: individual action or legislation?

We need both. I view this as more of a chain reaction. If individuals take action in how they vote and what goods they buy, they're sending messages to – and in turn influencing – governments and companies. Ultimately, it's customers that drive our business. If our customers want to be insured by a sustainable insurance company then we'll have to show we're playing our part.

There's been a lot of focus on climate change in 2021. What do you see as the important sustainability topics of 2022?

The focus on environmental and climate change topics will continue and it's important to maintain this momentum. For us as a business and for our customers, the next big topic is the wellbeing of individuals and society, in particular the impact of the COVID-19 pandemic on our physical and mental wellbeing. I think we'll see this topic grow in importance.

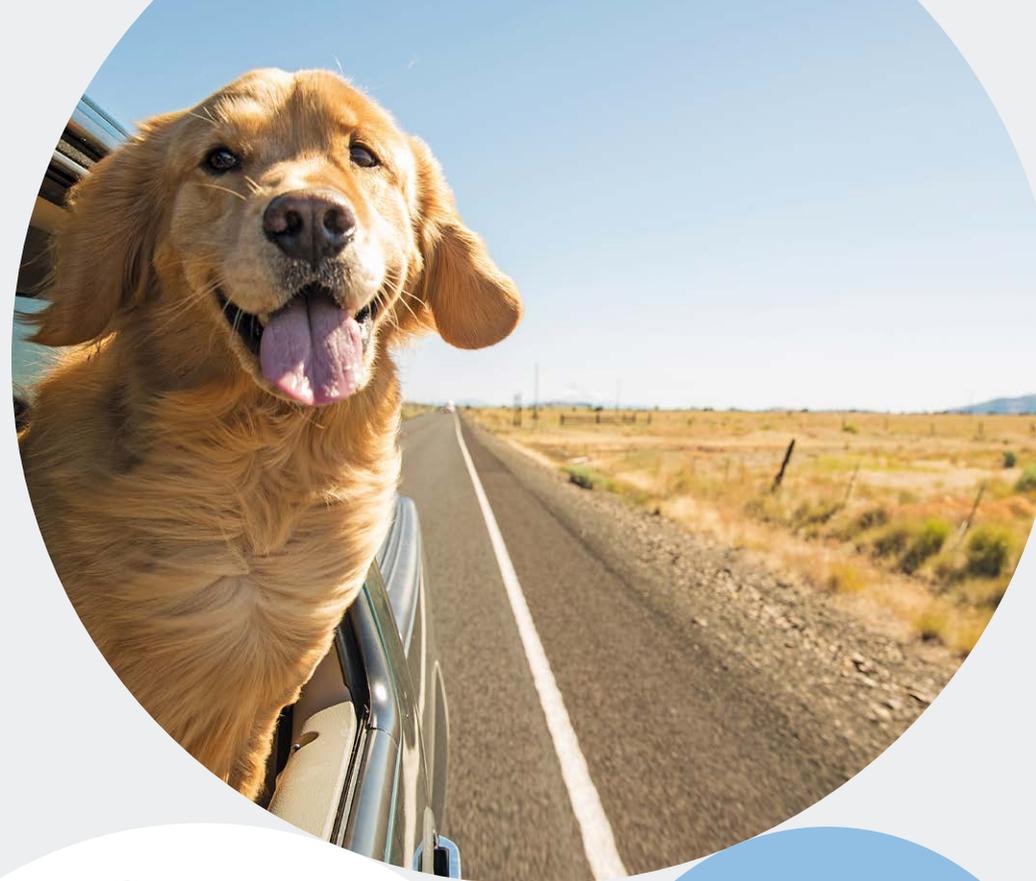
What inspires you to take action for the planet?

Focusing on the future I want for the planet, the future I want for my children and grandchildren, and the legacy I want to leave them. This is a powerful motivator for me.

Our strategy (continued)
Key trends informing our strategic priorities

The forces shaping our future.

There is a growing need to prepare society for systemic risks with sustainable prevention and mitigation.



Climate change

- High-profile natural disasters have highlighted the global risks of climate change.
- The awareness and expectations of customers, investors and regulators/policymakers are growing.



Wellbeing and health

- The pandemic and the measures taken to answer it have exacerbated growing concern over general and mental health.
- Financial inequality is an aggravating factor for most vulnerable groups and leads to an expanding inequality gap in our society.



Product responsibility

- The COVID-19 pandemic highlighted the importance for customers to fully understand the conditions of policy coverage.
- There are more demands from governments and customers to ensure that products and services offered meet existing needs with transparent terms and conditions.



Our strategy (continued)
Materiality

Identifying what matters.

Zurich's 'materiality assessment process' is how we determine what is most relevant to our business. It helps us to evaluate which relevant sustainability issues are most critical for Zurich's long-term success.

Our materiality analysis

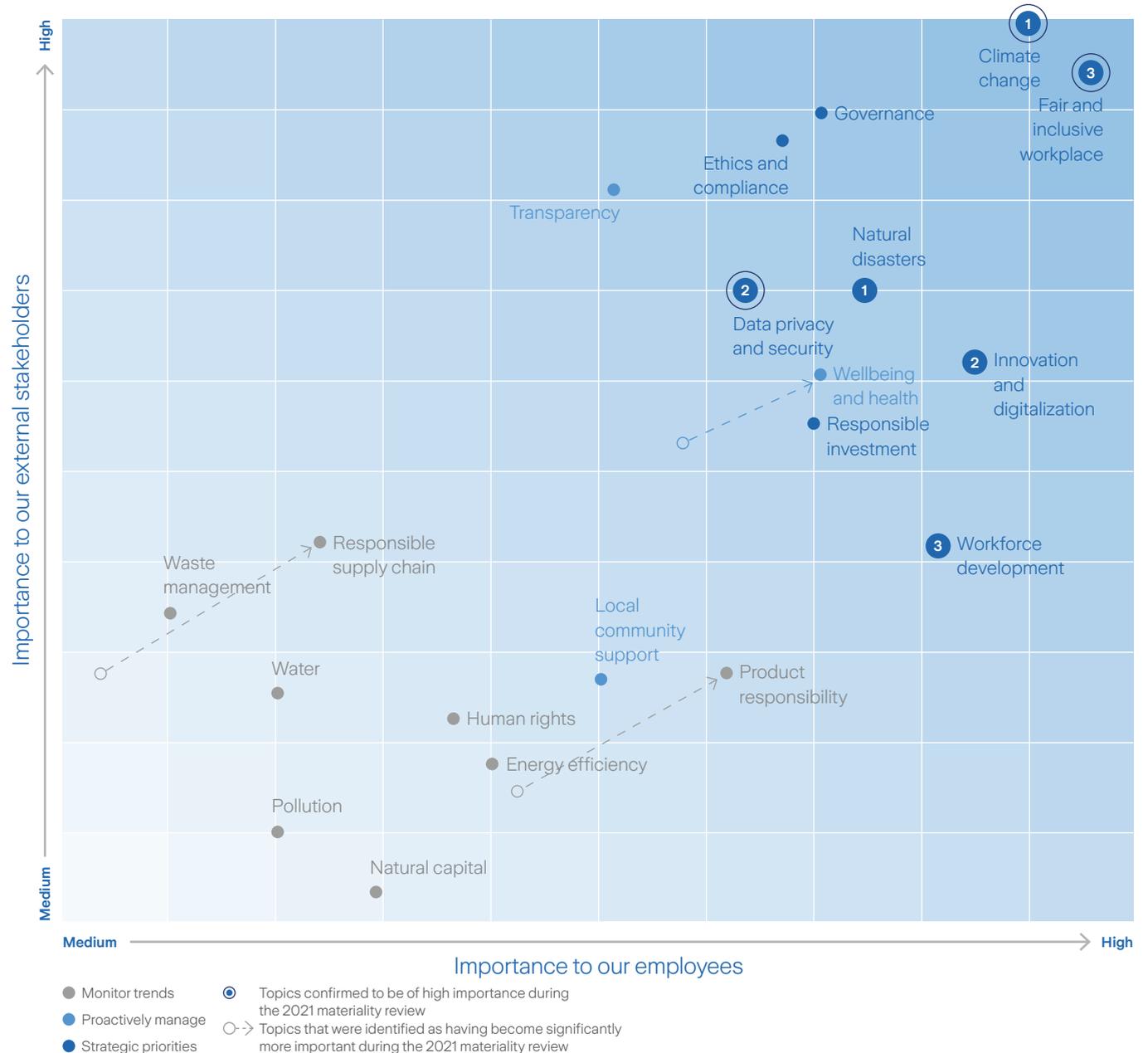
We want to work together with our employees, customers, investors and communities to create a brighter future. To do this, it is necessary to involve these stakeholder groups in our decision-making process – and to figure out what issues matter most to them. In 2018, Zurich carried out a materiality assessment to understand which sustainability-related issues are most relevant to internal and external stakeholders. The assessment, which included both quantitative and qualitative analyses, was built on our internal risk expertise, engagement with 10 different stakeholder groups, as well as insights generated from big data tools. As a result, Zurich identified and prioritized 21 sustainability issues. Zurich also identified three strategic sustainability pillars: our 1.5°C future, confidence in a digital society and work sustainability.

As the relevance of these issues fluctuates over time, Zurich undertook a qualitative review of the 21 sustainability issues in 2021. By consulting with internal sustainability experts and members of our Sustainability Leadership Council from across the Group, we identified issues that have significantly increased in relevance during the past three years.

Climate change, data privacy & security, and fair and inclusive workplace are three topics that, while already highly material in 2018, have grown in importance due to events of the past three years. *Product responsibility, responsible supply chain and wellbeing and health*, meanwhile, were deemed to be less material in the 2018 assessment but have significantly increased in relevance since then. In general, the concept of interconnectivity is changing the picture.

What matters most:

- 1 Our 1.5°C future
- 2 Confidence in a digital society
- 3 Work sustainability



Our strategy (continued)
Materiality (continued)



Inspiring action

Laying foundations for our ambitions.

Zurich's DNA is underpinned by an ambitious purpose and a robust set of values, supported by a credible code of conduct. I am proud to chair the Board of a company that in difficult moments continues to live up to its commitment to support people and planet and bring benefits to all stakeholders – customers, employees, investors and communities.

→ Michel M. Liès
Chairman of the Board of Directors

Topics confirmed to be of high importance during the 2021 materiality review

Climate change

- High-profile disasters from natural hazards have highlighted the global risks of climate change.
- Customers, investors and regulators/policymakers' awareness and expectations around corporate responsibility are on the rise. Companies are being judged based on their culture, actions, and impact.
- The shift in public opinion has driven eco-friendly brands and innovations to emerge at a rapid pace.
- The meaning of climate change is expanding from the sole focus on carbon emissions to an increased emphasis on issues such as biodiversity, climate risk, net-zero emissions ambitions, circular economy, green digitalization, and innovation for green growth.

Data privacy and security

- Remote working, accelerated by the pandemic, has increased IT vulnerability and compelled organizations to take extra steps to protect personal data of our customers and employees.
- There has been a global increase in ransomware attacks across sectors and governments.
- Globally, data security and privacy are still major challenges. In Europe, an additional focus on the ethical use of data is emerging (e.g., artificial intelligence regulations).

Fair and inclusive workplace

- The pandemic drove many businesses to rely on technology to continue operating, yet it continues to highlight the technology gap in many low-income households. It has led to long-term changes in the job market, increasing the pressure for automation and having an adverse effect on pay and employment conditions.
- The need for increased gender and ethnic diversity in the workforce has become prevalent. This will in turn demand increased diversity and inclusion efforts from the companies and more transparent reporting on these topics.

Topics identified as having become significantly more important during the 2021 materiality review

Product responsibility

- The COVID-19 pandemic highlighted the importance of transparency toward our customers, so they fully understand the conditions of policy coverage.
- There is an increasing demand from governments and customers to ensure that products and services offered meet existing needs with transparent terms and conditions.
- Greenwashing has become a more prominent issue in marketing.

Responsible supply chain

- The resilience of global supply chains has been challenged by multiple issues, such as cyber threats, the pandemic, political activity, financial disruption, and disasters from natural hazards.
- Increasing expectations downstream (up to the end-consumer) in supply chains are driving a greater need for social and environmental responsibility and transparency across the complete chain.

Wellbeing and health

- The pandemic and the measures taken to tackle it have exacerbated growing concern over general and mental health.
- Financial inequality is an aggravating factor for most vulnerable groups and leads to an expanding inequality gap in our society.
- To improve health and wellbeing outcomes, governments and employers invest in measures to mitigate risks. This has led to a growth in tech startups focusing on physical and mental health.

Our strategy (continued)
Strategic priorities

What matters most to our stakeholders.

We have identified three transformational themes we believe are very important for our stakeholders' future.

How we deliver on our strategic priorities

1. **Embed sustainability across the business, functions and countries**
2. **Sharpen our focus on innovative sustainable solutions, investments and operations**
3. **Support our customers in their sustainability journey**

What matters most – our three sustainability pillars

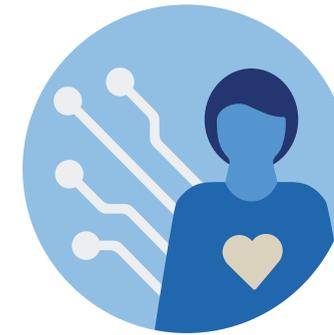


Our 1.5°C future

We are building resilience to climate impacts and innovating new solutions

We believe a prosperous, climate-neutral world is achievable. Therefore, in 2021, we announced interim science-based targets for our operations and investment portfolio. Furthermore, we are working toward integrating climate risk into our risk management processes, engaging with our customers to enhance their climate risk knowledge and resilience, and providing them with innovative and sustainable solutions. To deliver on this we set out 'our 1.5°C future plan': a Group-wide climate strategy guiding our efforts to address the risks and opportunities posed by climate change.

[Read more:](#)
Our 1.5°C future



Confidence in a digital society

We are inspiring confidence in an increasingly digital society

Digital transformation is well advanced and affects people around the world. Devices are connected and 'smart.' This offers enormous potential for good, but also new risks. It requires being responsible in the way we work with and handle data. Zurich is also looking for ways to complement and support digital trends with a new generation of products and services.

[Read more:](#)
Confidence in a digital society



Work sustainability

We are supporting our employees and customers in times of great change and transformation

Work sustainability is about enabling our people to develop the skills required to deliver what our customers need, while also ensuring they feel valued in their role and supported in their career. As we accelerate the digitalization of our company, products and services, we need to bring our people with us on this journey. Work sustainability prepares our people for the future of work and enables them to innovate solutions that create a brighter future for our customers and communities.

[Read more:](#)
Work sustainability

Our strategy (continued)
Our SDG contribution

Helping the world meet its goals.

Zurich's approach to proactively address sustainability factors in its day-to-day business activity supports several of the United Nations Sustainable Development Goals (SDGs).

As a responsible and sustainable business, we are focusing on SDGs where we can make the biggest impact through our insurance businesses, investments and community programs.

[Read more: United Nations Sustainable Development](#)

170,000 people

Zurich invested in a green bond which finances a USD 65 million solar project in Kenya, providing 170,000 people with access to renewable energy



SDG 3

Ensure healthy lives and promote wellbeing for all, at all ages

As an employer and provider of life insurance, savings and pensions, we have a responsibility to promote healthy and sustainable lifestyles. We are doing this through various channels:

- Establishing a new LiveWell digital engagement platform that utilizes innovative technologies to engage and empower individuals to take charge of their health so they can feel and function at their best.
- Research and campaigns focusing on national economic responses to the COVID-19 pandemic and the expectation that employers play a bigger role in supporting the wellbeing of employees. This includes identifying practical steps employers can take to meet workers' needs in our rapidly changing, digital society and analyzing the impact of COVID-19 on reskilling.
- Improving access to healthcare and financing healthcare infrastructure through our impact investing strategy.
- Promoting and encouraging work of the Z Zurich Foundation with the ambition to help improve the mental wellbeing of several million people by 2024 through innovative programs aimed at overcoming the stigma often associated with seeking help.



SDG 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

The UN estimates an additional 101 million children and young people (from grades 1 to 8) across the world fell below the minimum reading proficiency level in 2020 due to the pandemic, which wiped out the education gains achieved over the past 20 years. The most vulnerable children and those unable to access remote learning are at increased risk of never returning to school and of being forced into child marriage or child labor, the UN has said. Zurich supports the financing of all levels of schooling in Western Europe and emerging market countries through private public partnership and social bonds.

In addition, through its social equity pillar, the Z Zurich Foundation supports youth programs that give their participants the perspective, community and access they need to build a better future and reach their full potential.



SDG 7

Ensure access to affordable, reliable, sustainable and modern energy for all

Despite significant progress over the past decade on improving access to electricity, increasing renewable energy use, and improving energy efficiency, the world is still falling short of providing affordable, reliable, sustainable and modern energy for all. Zurich finances access to renewable energy in emerging markets through its green bond investments via unilateral development banks. Zurich invested, for example, in a green bond which finances a USD 65 million solar project in Kenya. This project has enabled 170,000 people to benefit from access to renewable energy.



Our strategy (continued)
Our SDG contribution (continued)



SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We pay special attention to transactions that might contravene human rights. We have set guidelines detailing our position and what we consider to be best practices. We also provide guidance and training for underwriters and other relevant stakeholder groups, and have established risk assessment and referral processes.

In addition, the Z Zurich Foundation, through its grant programs initiative, provides support and funds to help Zurich offices to work with local community organizations. The aim is to develop multi-year programs targeted at young people and focusing on social equity and creating a society of equal opportunity.

Zurich is committed to creating a sense of security and trust in the workplace. Our work sustainability principles prioritize employee development and up-skilling to offer career choices that match talents and ambitions.

4.6 million tons

In 2021 we helped to avoid 4.6 million tons of CO2-equivalent emissions through our impact investment portfolio



SDG 11

Make cities inclusive, safe, resilient and sustainable

Zurich believes that doing business responsibly will promote resilience in the future. This can be best achieved by enhancing risk prevention and mitigation. Zurich has invested in a number of activities to enhance resilience:

- Zurich’s Swiss business has developed a user-friendly, online interactive platform, the Natural Hazard Radar, to allow people living in Switzerland to assess risks to property from floods, landslides, mud and rockslides.
- Zurich North America, the Z Zurich Foundation and Resilient Cities Network have teamed up to create a multi-year program designed to strengthen climate resilience and help address social inequity in vulnerable communities in Houston, Texas, and Boston, Massachusetts.

[Read more:](#) Strengthening climate resilience in U.S.

- The Zurich Flood Resilience Alliance (the Alliance)¹ was launched in 2013 to help improve community resilience to flooding. Its work focuses on enabling communities to prosper, in spite of flooding, by improving the way they build, maintain and use all their assets. The program developed the first resilience measurement tool – a set of guidelines and methods – to assess resilience to floods at a community level. In the first phase of the program, we applied the tool across 110 communities and reached 225,000 people with our work. In the second phase to date, we are operating in more than 300 communities and have so far had a positive impact on at least 600,000 people.
- Zurich also collaborates closely with the Z Zurich Foundation, which supports programs to help vulnerable communities adapt to climate change.

¹ Established in 2013, all members of the Alliance, with the exception of Zurich Insurance Company Ltd, are funded by the Z Zurich Foundation.
² Impact numbers for 2021 include methodology upgrade from previous years, as explained in Zurich’s impact measurement methodology paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-impact-measurement-framework.pdf
³ <https://www.uneepfi.org/net-zero-insurance/>
⁴ GHG emissions here refers to insurers’ and reinsurers’ Scope 1, 2 and 3 emissions. Insurers’ and reinsurers’ Scope 3 emissions should include their customers’ Scope 1 and 2 and Scope 3 emissions, where significant, and where data allows.



SDG 13

Take urgent action to combat climate change and its impacts

As a responsible investor, we use capital markets to search for and fund solutions to many of the pressing social or environmental issues of our time. We are committed to fully decarbonizing our USD 200 billion portfolio of own assets by 2050. We have set interim reduction targets for 2025 for listed equity, corporate bond and our direct real estate investments and in 2021 have helped to avoid 4.6 million tons² of CO2-equivalent emissions through our impact investment portfolio.

In July 2021, we became a founding member of the Net-Zero Insurance Alliance (NZIA).³ As a founding member of the NZIA, we have committed to transition all operational and attributable greenhouse gas (GHG) emissions⁴ from our insurance and reinsurance underwriting portfolios to net-zero emissions by 2050. We have also made the commitment, as permitted by applicable laws and regulations, to establish its intermediate, science-based targets every five years in line with Article 4.9 of the Paris Agreement.

As a responsible business, it is important for Zurich to be accountable for the impact its operations have on the environment. We have been operating as a carbon-neutral business since 2014. We prioritize avoiding emissions wherever possible. Emissions we cannot avoid are offset with resilience-enhancing carbon credits, thereby maintaining carbon neutrality in our operations. In 2021, we announced new, science-based emissions reduction targets for our operations, against a recalculated 2019 baseline.

[Read more:](#) Environmental key performance indicators

The Zurich Flood Resilience Alliance takes a collaborative approach to supporting communities at risk of floods. Together with members of the Alliance, we use our in-house expertise as an insurer to help communities reduce flood risk.

Our strategy (continued)
Engaging our stakeholders

Listening and learning.

A company of Zurich's size and influence can make a significant positive contribution to society by proactively working with our customers, regulators, civil society, investors and other stakeholders.

Our employees



Why we engage

Our people are the heart and soul of Zurich. We are committed to our purpose to create a brighter future together – a future where our voices are diverse, our behaviors are inclusive, our actions drive equity, and our people feel a sense of belonging. A future where diverse perspectives and experiences are key to innovation and reflect the breadth and diversity of our customers, suppliers, communities and investors worldwide. At Zurich, our shared commitment reinforces a culture in which collaboration, curiosity, agility, and lifelong learning ensures that the future belongs to everyone and is achieved together.

How we engage

We maintain dialogue with employees by:

- Measuring engagement and advocacy with the employee net promoter system (ENPS) program and organizational health index (OHI).
- Continuing to ask employees in 2021, as part of our ENPS program, to what extent they felt supported by Zurich during COVID-19. The response has continued to be positive with an average score of 69 across two waves of the survey in 2021.

Topics of discussion

- Supporting our people through the uncertainty of 2020 and 2021.
- Bold thinking about aspects of work flexibility, employee wellbeing and Diversity, Equity, Inclusion and Belonging (DEIB), among other topics.
- Developing the right balance between remote and office working, including eight global principles on hybrid working.

Our investors



Why we engage

Sustainability continues to grow in importance as a topic for our investors. As a responsible business, Zurich has embedded sustainability goals into its corporate strategy. We are committed to providing regular transparent disclosures to allow investors to track our progress toward these goals.

How we engage

We maintain dialogue with our investors throughout year by:

- Hosting an ESG roadshow, led by our Chairman.
- Interacting on a regular basis with our investors and with financial analysts.

This aims to increase investor understanding of sustainability-related developments within the Group and to demonstrate the Group's ESG performance.

Topics of discussion

- Strategy and financial performance.
- Governance and remuneration practices.
- Environmental and social performance.

Our strategy (continued)
Engaging our stakeholders (continued)

Our customers



Why we engage

As an insurer, Zurich protects its customers. Since it was founded in 1872, Zurich's mission has been to put customers' needs at the heart of everything it does and provide them with cover for the people and possessions they value. As our customers take the fundamental steps needed to address sustainability, our focus is on supporting them through this transition: to help them adopt more sustainable business practices and, as individuals, to be more sustainable in their everyday lives.

How we engage

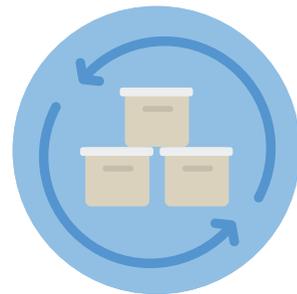
We maintain constant engagement with our customers through our businesses by:

- Identifying ways we can better serve our commercial customers through our relationship managers, brokers and by hosting customer events.
- Developing our ESG-aligned, unit-linked investment product suite for customers looking for more sustainable ways to grow their savings and pensions.
- Our Customer Office teams work directly with individual consumers and SMEs to co-create insurance solutions guided by their needs.
- Further developing our digital channels and new distribution opportunities to serve our customers in a way that is convenient to them.
- Systematically listening to customers through our net promoter system (NPS) program throughout all customer touchpoints, and acting on feedback to improve customer experience.

Topics of discussion

- Understanding and supporting customers' operational challenges and plans to transition to net zero.
- Promoting confidence in digital technology and tackling the growing threat of cyber risks.
- Moving beyond the physical risk associated with a changing climate to broaden awareness of all aspects of emerging risks and potential mitigating actions.
- Customers' ability to close income and health protection gaps by offering relevant life and corporate health cover to employees.
- Addressing evolving technology to meet the insurance needs of consumers. Examples include e-vehicle advancement and alternative energy sources for homes.

Our suppliers



Why we engage

We aim to ensure that sustainability is an integral part of our sourcing, procurement and supplier management activities. That extends to the products and services we purchase, contractual agreements we enter, and partners we work with. We continue to identify new opportunities for collaboration and innovation through ongoing dialog with our suppliers, enabling us to solve sustainability challenges together.

How we engage

Through our procurement practices, we aim to generate positive environmental, social and ethical impact by:

- Setting clear expectations and standards for suppliers in our Supplier Code of Conduct.
- Having robust supplier self-assessment, due diligence and supplier monitoring processes.
- Encouraging transparency on environmental performance and seeking to measure the carbon emissions from our supply chain.
- Working with social enterprises and certified diverse suppliers to provide goods and services.

Topics of discussion

- Environmental performance and collaborating to further develop a set of best practices.
- Procurement practices that drive social value.
- Supplier diversity and inclusion.
- Human rights, data security, ethical business practices.

Inspiring action

At Zurich we care.

Zurich created Zurich Resilience Solutions (ZRS), led by Hanno Mijer, in 2021 to meet growing demand from our customers for risk prevention and mitigation services. These services enable businesses to manage evolving risks more effectively, helping them improve their risk profile. ZRS gives customers access to our 750 risk engineers – and Zurich's 150 years of expertise in risk management.

Hanno Mijer
Global Head, Zurich Resilience Solutions



Our strategy (continued)
Engaging our stakeholders (continued)



Source: Kaisa Sojakka, Red Cross

Inspiring action

Helping communities.

“We cannot stop the rain or water. But we can help communities cope with the impacts,” says David Nash, Climate Change and Partnerships Senior Manager at the Z Zurich Foundation. The Foundation’s ‘Adapting to Climate Change’ program aims to support vulnerable people within our communities to adapt to climate change and make them more resilient to events such as flooding.

↑ **David Nash**
Climate Change & Partnerships Senior Manager, Z Zurich Foundation

NGOs



Why we engage

By combining resources and expertise, we have greater opportunity to help vulnerable people access the benefits of sustainable practices and approaches, which in turn also benefits society and businesses. We believe joining forces with others and sharing knowledge and expertise is essential to create positive change.

How we engage

Zurich, either independently or through the Z Zurich Foundation, provides a range of support for NGOs, for example:

- Skills and financial help to develop and implement tailored grant programs.
- Zurich employees volunteer their time and expertise to support vulnerable people in their communities. This helps to provide charities with the skills they need to develop and achieve greater impact.
- Listening to and building on the expertise of others to maximize overall charitable impact.
- Zurich and its business units lead initiatives to support local needs and priorities in line with Zurich’s sustainability ambitions.
- Zurich donates CHF 500,000 annually to the International Committee of the Red Cross. The donation is allocated to an economic security program in Colombia, where victims of conflict and violence are given emergency aid and support for income generation and food production.

Topics of discussion

- Climate change.
- Mental wellbeing.
- Social equity.

Communities



Why we engage

Vulnerable people share a need for connection because the challenges they face are often common to many individuals. The Z Zurich Foundation works with Zurich’s employees, business units and other stakeholders, as well as with non-governmental organizations, governments, businesses and local experts, to work with those who need support. When we work together, we achieve more.

How we engage

Through its work, the Z Zurich Foundation:

- Supports Zurich employees who are active in helping their communities.
- Provides grants to charitable organizations worldwide.
- Develops engagement initiatives with the ambition of positively impacting vulnerable people by empowering the activist in all of us.

Topics of discussion

- Adapting to climate change.
- Improving mental wellbeing.
- Enabling social equity.

Our strategy (continued)
Engaging our stakeholders (continued)

Governments and regulators



Why we engage

Zurich works with policymakers, governments, regulators and opinion leaders on a global, regional and local level to stay informed about policy trends and issues. It shares its expertise and insights to contribute to effective policy solutions. Zurich is also a member of many industry associations where it can increase its engagement on public policy issues.

How we engage

- We maintain dialogue with international multi-stakeholder bodies including regulators, such as the Financial Stability Board, International Association of Insurance Supervisors and National Association of Insurance Commissioners; authorities, such as the European Insurance and Occupational Pensions Authority; policymakers, such as EU and UK institutions, US Congress, as well as US administrative agencies. In addition, we engage with many stakeholder groups and coalitions including the Insurance Institute for Business and Home Safety (IBHS), the US Chamber of Commerce (US CoC), the Global Business Alliance (GBA) and the Smarter Safer Coalition.
- We advocate for best practices and share our expertise. We do this on a global level (for example through the Institute of International Finance), on a regional level (in trade associations such as Insurance Europe and PensionsEurope), as well as on a national level (in the American Property Casualty Insurance Association and the Swiss Insurance Association).

- Zurich is actively engaged with high-level discussion groups, such as the Chief Financial Officer Forum, Chief Risk Officer Forum, European Financial Services Roundtable, European Justice Forum and Pan-European Insurance Forum.
- We are also active in business federations, such as Economiesuisse in Switzerland, bilateral trade organizations, and think tanks including Brussels based Centre for European Policy Studies (CEPS), Atomium European Institute for Science, Media and Democracy, Avenir Suisse and the Swiss Forum on Foreign Policy (foraus). We also work closely with academic institutions including Oxford University.

Topics of discussion

- Climate-related policies/polluter pays principle/ voluntary carbon markets and carbon pricing.
- Efforts to build back better, addressing the COVID-19 crisis.
- Corporate governance and sustainability risks along the global value chain.
- Natural hazards and innovative insurance solutions.
- Educating and building resilience of communities.
- Enhancing the social safety net through improvements in workforce protection.
- Supporting public-private partnerships for cyber security and data stewardship.

Inspiring action

Standing for sustainability.

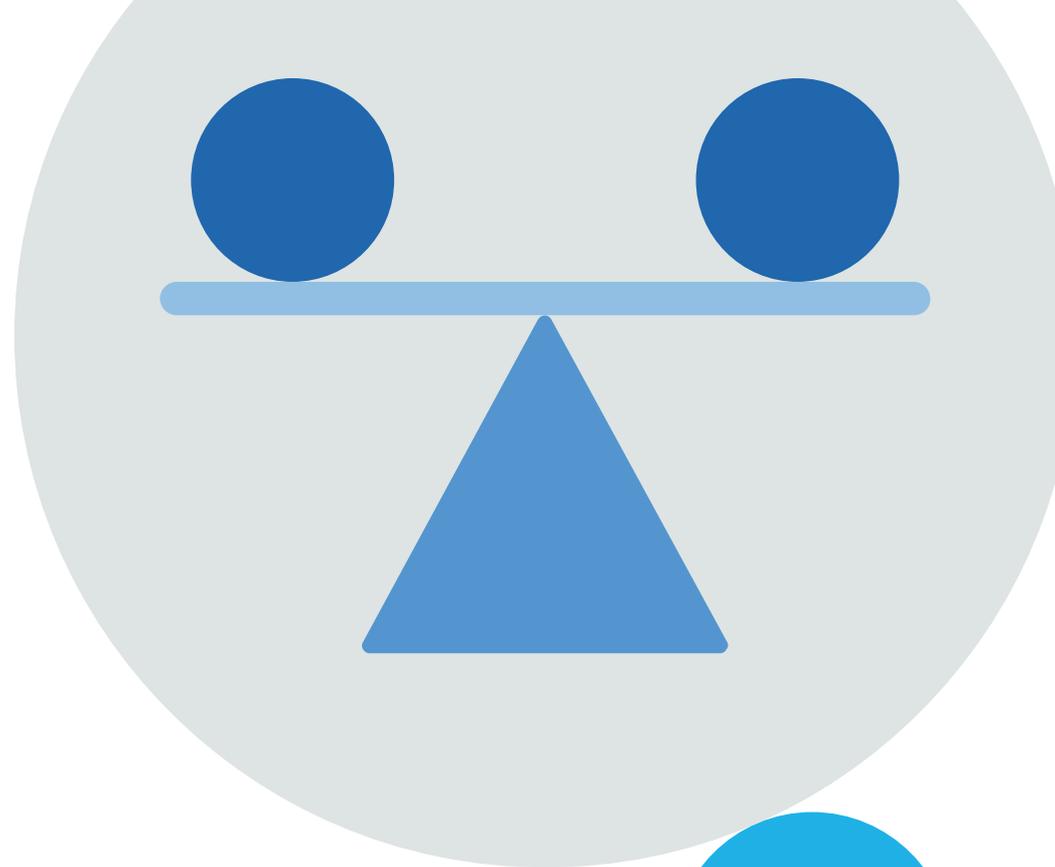
We believe it's critical to be clear on what a company stands for and how the organization as a whole acts to deliver sustainable value to all stakeholders. We stand for doing business today in a way that supports future generations and builds resilience.

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



Governance and business conduct
Governance structure

Part of everything we do.



Making responsible and sustainable decisions is part of our daily business and decision-making is a priority at the highest levels of our organization.

Sustainability is embedded in our governance

Our governance structure supports a stakeholder-inclusive approach. As we believe sustainability needs to be embedded in the existing business to optimize our impact, it is treated as an integral part of our governing system.

The Board of Zurich Insurance Group Ltd has ultimate responsibility for the success of the Group and for delivering sustainable value within a framework of prudent and effective controls. It sets the Group's values and standards to meet the expectations of our stakeholders. As part of its strategic responsibility, the Board approves the Group's sustainability strategy and objectives, including related targets that have 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 recommends the Group's sustainability strategy and objectives and exercises oversight on sustainability-related matters.
- the Audit Committee provides oversight on the integrated sustainability disclosure (ISD).
- the Risk and Investment Committee provides oversight of risks (including sustainability risks).
- the Remuneration Committee evaluates the Group's remuneration architecture, including incentive plans which are linked to appropriate performance criteria supporting the execution of the Group's strategy.

Governance, Nominations and Sustainability Committee



Michel Liès
Chairman



Joan Amble



Michael Halbherr



Christoph Franz



Monica Mächler

For example, the target card framework used to assess individual performance of the ExCo for the 2021 short-term incentive plan (STIP) awards, includes both financial and non-financial targets. The non-financial targets are related to customers, employees, and strategic projects such as those with an ESG, including climate, focus.

The Board of Zurich Insurance Group Ltd is a supervisory board. Its members receive fixed remuneration as an annual fee, of which the basic fee is paid half in cash and half in five-year sales-restricted shares which are not subject to the achievement of any specific performance conditions.¹ See the Annual Report 2021 (remuneration report), pages 84 to 117, for further details.

¹ In line with the TCFD disclosure, we specify that the remuneration of the Board is not impacted by climate-related performance.

Governance and business conduct (continued)

Governance structure (continued)

At management level, accountability for different areas of expertise, including sustainability aspects related to each of these areas, are 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 the strategic sustainability approach of the Group 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 Governance Nominations and Sustainability Committee, 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.

The implementation of the sustainability strategy and objectives in the businesses, function, 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 into our remuneration framework

The guiding principles of Zurich's remuneration philosophy comprise a simple and transparent remuneration architecture, that can be put into practice and considers the interests of key stakeholders such as customers, shareholders and employees.

The design of variable remuneration awards supports the execution of the Group's strategy and encourages participants to operate the business in a sustainable manner.

The awards under the Group's short-term incentive plan (STIP) consider relevant business performance, as well as individual achievements:

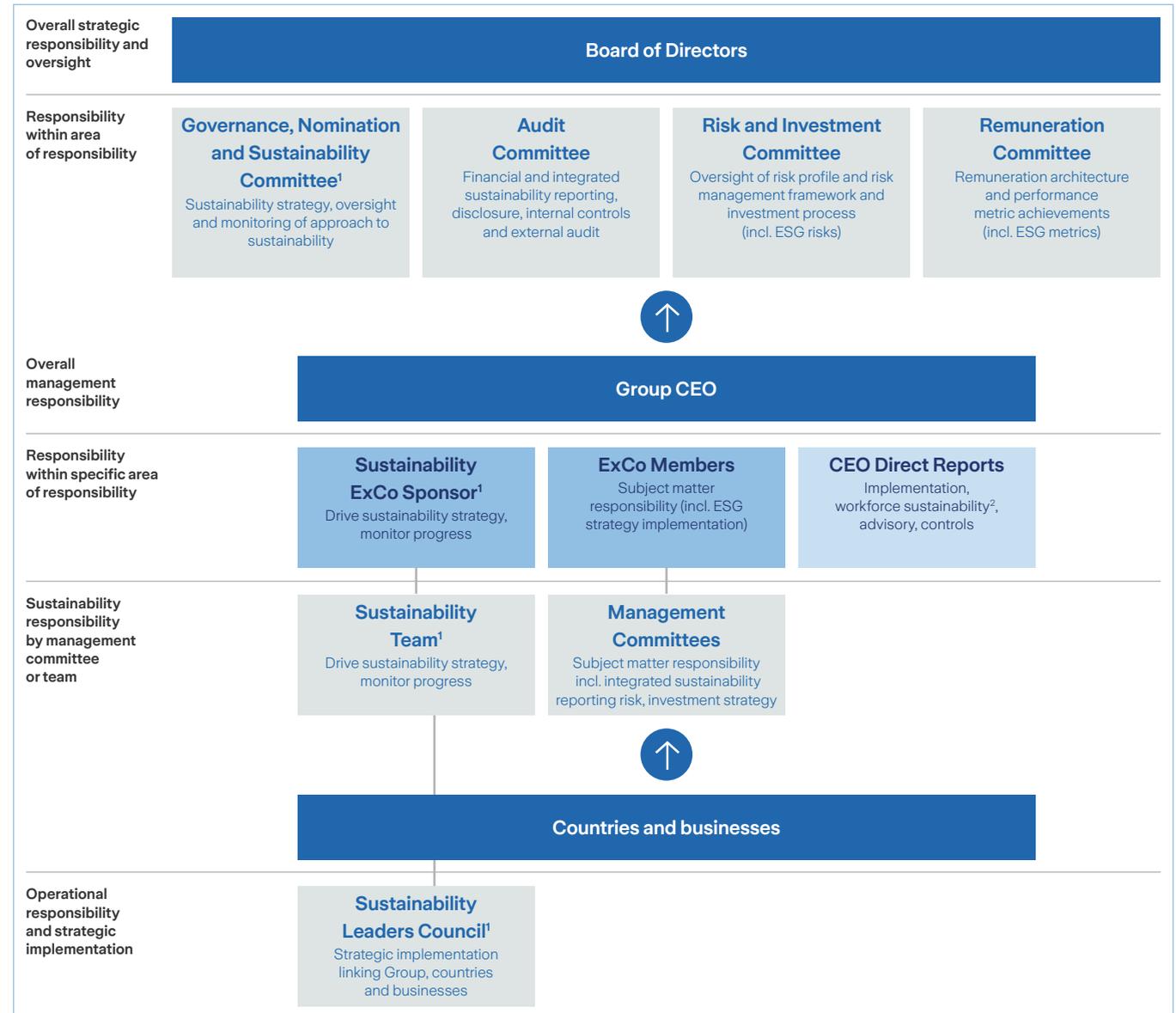
- Business performance: to further support our customer-led transformation, quantitative customer metrics are incorporated to assess the overall business performance and resulting funding of the STIP awards for most participants, including our senior leaders. The customer net promoter system (NPS) score is used as a global best practice metric for measuring customer experience.

- Individual performance: an individual's achievements reflect performance on personal goals, jointly agreed with their managers, as well as demonstrated behaviors in line with the Group's Code of Conduct, purpose and values. Zurich's performance and development approach guides employees throughout the year to achieve personal goals that support the execution of the Group's strategy. The performance of members of the Executive Committee (ExCo) and wider leadership team are specifically assessed against financial measures, as well as targets relating to customers and employees. Overall contribution to executing the Group's strategy is also considered.

In addition, various remuneration safeguards are in place within the overall remuneration framework to not encourage or reward inappropriate risk-taking. Zurich's remuneration approach is regularly reviewed to ensure it continues to support the execution of the strategy, complies with legal and regulatory requirements, aligns with risk considerations and considers the interests of the Group's stakeholders.

The remuneration system and practices are part of the overall employment offering, supporting employees to make a positive contribution to the Group's aspiration.

Sustainability is fully embedded in our governance



¹ ESG-specific responsibilities.

² Within responsibility of Group Chief Transformation Officer.

Governance and business conduct (continued)
Our Code of Conduct and approach to Anti-Bribery and Anti-Corruption

Acting with integrity.

Our Code of Conduct forms the ethical foundation of our organization. It is applicable to all employees globally and outlines the minimum standards of conduct expected from employees. It seeks to guide and inspire our employees and is built around the recognition that we must act in accordance with the highest ethical, legal and professional standards.

Code of Conduct

Our Code of Conduct outlines that, at Zurich, we are committed to integrity and doing the right thing: we look out for the growth and wellbeing of our colleagues; we put our customers' needs at the heart of all we do; we are committed to fair and responsible business conduct; we are proud of our company's heritage and brand and protect our reputation; and we are committed to making a positive impact and driving change toward a sustainable future. We do this because, at Zurich, we care.

Our Code of Conduct is approved and endorsed by the Board of Zurich Insurance Group Ltd and is available externally on zurich.com.

Our mandatory, annual Code of Conduct Training raises awareness on what it means to do the right thing and seeks to make employees and management more confident in making ethical decisions in their day-to-day work. In 2021, above 99 percent of all employees globally completed the training.

 **Read more:**
Our Code of Conduct
Compliant and ethical business

Anti-Bribery and Anti-Corruption

Zurich is committed to fair and responsible business and prohibits all forms of bribery and corruption. Our Group Policy on Anti-Bribery and Anti-Corruption sets forth Zurich's global framework to address the common areas of risk concerning bribery and corruption, including aspects such as:

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

The Group Policy supports the requirements of the UK Bribery Act 2010 and the U.S. Foreign Corrupt Practices Act of 1977.

 **Read more:**
Compliant and ethical business
Respecting human rights

Under our Code of Conduct, each employee is encouraged to ask themselves the following four questions when faced with a decision:



Is it legal?
Consider whether the decision complies with applicable laws and regulation.



Is it the right thing to do?
Consider whether the decision reflects the standards of conduct articulated in this Code and our internal standards and policies, as well as our purpose and values. Ask yourself not only whether you can do something, but whether you should.



Is it in our company's and stakeholders' best interest?
Consider whether the decision honors our commitment to our customers, is respectful of the rights of our colleagues and others we work with, and serves our company's long-term interest. Ask yourself whether the decision places your personal interest in conflict with those of the company or our customers.



Is it reflective of our brand and what Zurich stands for?
Consider whether you would be comfortable if the decision were made public and whether it could hurt our reputation and/or diminish trust in us, or negatively impact others (e.g., customers, shareholders, colleagues, or the public).

Governance and business conduct (continued)
Respecting human rights

Protecting human rights.

We respect international human rights within our sphere of influence and work hard to avoid being complicit in human rights abuses.

Read more:
Respecting human rights

Approach to human rights

When interacting with customers, employees, shareholders, suppliers, the public at large, or any other stakeholder, we aim to promote the following international best practice standards to manage potential adverse human rights impacts:

- 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.

By signing the UN Global Compact in 2011, we committed to aligning our strategy, culture and day-to-day operations with the Global Compact's 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

We pay special attention to transactions that might contravene human rights and forced labor. These are transactions that could:

- Contribute to human rights abuses such as involuntary relocation of local communities, 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 (e.g., failed states, conflict or war zones, and ineffective rule of law) or poor human rights records.
- Enable harmful child labor, forced labor, poor health and safety conditions and unfair remuneration.

Working with suppliers

We endeavor to work with suppliers who share our values, and we expect high standards of ethical conduct from those who represent us or do business with us. We expect our suppliers to operate their business with integrity and use high standards of business conduct, such as the UN Global Compact or international labor standards as outlined in the eight International Labour Organization (ILO) conventions, which are considered to be fundamental to the rights of human beings at work.

Our commitment to respecting human rights is covered in our Code of Conduct as well as our annual Code of Conduct training.

Read more:
Our partners

Inspiring action

Respecting people's rights.



Part of our role as an insurer is to protect people. We believe all humans have universal rights and deserve to be treated with dignity. That's why we aim to promote the international best practice standards on human rights in our interactions with all stakeholders: customers, employees, shareholders, suppliers and the public.

Anne Jaeger
Group Chief Compliance Officer

Governance and business conduct (continued)
Being a responsible taxpayer¹

Being a responsible taxpayer.

Our approach to tax is guided by our purpose as a company: to protect customers, employees and society, to inspire confidence, and to help our stakeholders reach their full potential.

[Read more:](#)
Being a responsible tax payer

Our approach to paying our taxes

We aim to be recognized as a responsible member of the communities in which we operate and contribute to their prosperity. Being a responsible taxpayer is one of the ways we support their economic and societal development. We consider effective and efficient tax compliance to be a key objective and allocate significant resources to ensure that the tax affairs of the Group are sustainable, well governed and transparent.

Our approach to tax is guided by our purpose – create a brighter future together – and is supervised by the Board and executed by members of the Executive Committee (ExCo). The Group’s Code of Conduct is embedded into our responsible tax strategy and requires compliance with laws and regulations of all countries where the Group operates.

We are a significant contributor of taxes, both those borne by our own shareholders as well as those collected on behalf of tax administrations.

Taxes borne by shareholders
all numbers based on IRFS
excluding deferred income tax



● Shareholder income tax	57%
● Stamp duty and other taxes	6%
● Employer social security	20%
● Irrecoverable VAT	17%

Taxes collected
all numbers based on IRFS
excluding deferred income tax



● Employer social security	7%
● PH income and other taxes	9%
● Other taxes (incl. WHT)	23%
● Payroll tax	17%
● Premium tax	36%
● VAT declared	8%

Tax contributions include but are not limited to:

- Corporate income taxes
- Employment taxes
- Insurance premium taxes
- Value added taxes (VAT)
- Stamp taxes and other transactional taxes
- Real estate and other asset taxes
- Excise taxes
- Withholding taxes (WHT)

¹ Results are reported with a one-year time lag. This content was already published on our website: Being a responsible taxpayer | Zurich Insurance (<https://www.zurich.com/en/sustainability/governance-and-policies/being-a-responsible-taxpayer>). See there for a more detailed view on our tax strategy. Our 2021 Tax results will be communicated on our website.

Our planet

At Zurich, we believe in empowering everyone to take action for our planet, whether our contribution is big or small. From reducing car usage to helping communities build resilience to extreme weather events, we can all make a difference.



Inspiring action

Sowing the seeds of change.

Zurich is planting one million trees in Brazil's Atlantic Forest, a biodiversity hotspot, together with local non-profit Instituto Terra. As well as restoring native flora and fauna, the eight-year project aims to inspire Zurich employees to become more eco-conscious. For photographer Sebastião Salgado and his wife Lélia Wanick Salgado, who founded Instituto Terra in 1998, it's vital to work together to restore the planet. "To have an idea is very important. But it's not enough," says Sebastião. "You must have partners."

Sebastião Salgado and Lélia Wanick Salgado
Founders of Instituto Terra

Our 1.5°C future

Building resilience.

Our ambition is to take action for a 1.5°C future and help communities adapt to climate change.

The context

The Intergovernmental Panel on Climate Change (IPCC) 6th assessment report, released in August 2021, showed unequivocally that human activity is driving climate change. Significant reductions in greenhouse gas emissions are required to achieve the outcomes of the Paris agreement. Currently, we are not on track to deliver reductions of this magnitude. The COP26 climate summit in Glasgow underscored the urgency of the action needed as climate change intensifies. Though COP26 may not have achieved all of its goals, several landmark environmental announcements were made that demonstrate real progress:

- The Glasgow Climate Pact is the first ever climate deal at a COP summit to explicitly plan to reduce coal use – a significant achievement.
- India's pledge to reach net-zero emissions by 2070 means that all the world's major carbon emitters have now agreed to phase out fossil fuels.
- More than 100 countries pledged to end deforestation by 2030.
- More than 100 countries agreed to a 30 percent cut in methane emissions by 2030.

Though these ambitious targets and pledges represent significant steps forward on the road to net zero, they come with some caveats. First, COP26's most ambitious announcements were all aimed at deadlines decades in the future, even though urgent action is required here and now. Second, governments' net-zero pledges focus on the ultimate goal or ambition, leaving open the more difficult and complex question of how we are to achieve them.

We continue to believe that decisive action and systemic transformation will be required over the next 10 years to keep within reach of the Paris Agreement ambition to limit global warming to 1.5°C. Therefore, we are stepping up our efforts to advocate and encourage companies and individuals to act to reduce global warming. Meanwhile, we are also supporting those most at risk from climate change through new services, insurance products, and continued strategic philanthropy.

Inspiring action

Digital upskilling.

Zurich hosted two Digital Experience Weeks in 2021 to help develop the digital capabilities of its employees and support its goals to go paperless and reduce business travel.

In more than 100 sessions, colleagues and external experts from around the world educated employees about digitalization at Zurich. Topics included creating videos on digital platforms and transitioning to digital business cards.

"I'm proud of Zurich's focus and efforts to upskill our people in all things digital," says Zurich Communications Specialist Esther Rodriguez Gonzalez. "With this initiative Zurich looks ahead and proves that technology and digitalization only work if they go hand in hand with employee engagement."

 **Esther Rodriguez Gonzalez**
Communications Specialist

 **Read more about learning and development and employee engagement:**
Our employees



Our 1.5° future (continued)

Our ambition

We are committed to using every lever available across our business – investments, operations, and products and services – to accelerate the transition to a net-zero emission economy and improve resilience to the adverse consequences of climate change. This ‘whole business’ approach underscores the ambition we have held since 2019, when we became the first insurer to sign the Business Ambition for 1.5°C Pledge to limit global warming.

[Read more:](#)
Zurich forges ahead with climate goals

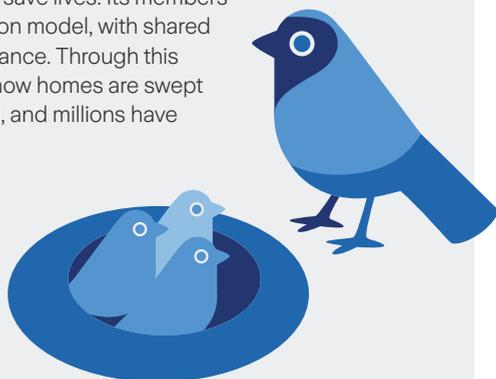
Our ambition is two pronged: it addresses actions we can take to support a 1.5°C future and how we can help communities adapt to climate change.

Our 1.5°C future

We believe a prosperous, climate-neutral world is achievable. By aligning our strategic objectives with a 1.5°C future and harnessing the capabilities of a global insurer, we believe we can do our part to hasten the transition to an economy where growth is decoupled from carbon emissions.

Building resilience

As a global property and casualty insurer, we help our customers and wider society adapt to the consequences of climate change through our risk engineering services, risk transfer solutions and claims practices. We also started the Zurich Flood Resilience Alliance (the Alliance) in 2013, together with the Z Zurich Foundation.¹ The Alliance is a multi-sector, global partnership which focuses on finding practical ways to help communities strengthen their resilience to floods globally and save lives. Its members operate an engaged collaboration model, with shared leadership across the whole Alliance. Through this work, they have seen firsthand how homes are swept away, businesses are destroyed, and millions have lost their lives.



¹ The Z Zurich Foundation is a Swiss-based charitable foundation funded by various members of the Group. It is the main vehicle by which Zurich delivers on its global community investment strategy.

How we're putting our ambition into action

Our climate strategy focuses on supporting companies and people through the transition to a climate-neutral economy while also protecting those most impacted by physical risk. Our efforts are centered on three pillars:



By signing the Business Ambition for 1.5°C Pledge, we recognize our responsibility and acknowledge the role science-based targets play in meeting the Paris Agreement goals. Accordingly, we have pledged to fully decarbonize investment and insurance portfolios by 2050 and co-founded the UN-backed Net-Zero Asset Owner Alliance (NZAOA) as well as Net-Zero Insurance Alliance (NZIA) in order to support these targets. We have also set near-term science-based targets for our investments and operations.

Climate targets for our investment portfolio

As a founding member of the NZAOA, we committed in 2019 to holding a net-zero investment portfolio by 2050. Achieving this goal requires ambitious carbon emissions reduction targets that are consistent with a 1.5°C future. In March 2021, we announced our interim targets addressing three key areas on the road to decarbonization: emissions reduction in the portfolio; engagement with companies to bring about change; and direct investment in solutions.

1. Emission reduction

- Reduce the intensity of emissions of listed equity and corporate bond investments by 25 percent, in terms of tons of CO₂e per USD million invested.
- Reduce the intensity of emissions of direct real estate investments by 30 percent, in terms of kilograms of CO₂e per square meter.

2. Engagement

We will engage with those companies producing 65 percent of portfolio emissions and those which lack targets aligned with the Paris Agreement.

3. Financing the transition

We will increase allocation to climate solution investments.

Climate targets for our underwriting portfolio

In July 2021, we became a founding member of the Net-Zero Insurance Alliance (NZIA).¹ As a founding member of the NZIA, we have committed to:

- Transition all operational and attributable greenhouse gas (GHG) emissions² from our insurance and reinsurance underwriting portfolios to net-zero emissions by 2050.
- Establish, to the extent permissible by applicable laws and regulations, NZIA's intermediate, science-based targets every five years in line with Article 4.9 of the Paris Agreement.

In 2021, we performed a high-level analysis of the carbon intensity of our underwriting portfolio, using an existing methodology. Including deep dives across pilot business units, this exercise leaves us well positioned to share our experience and implement and deliver on our goals through the NZIA.

[Read more:](#)
Our customers

Climate targets for our own operations

Environmental management is a key part of our overarching approach to sustainability. We are now accelerating the reduction of our own carbon emissions, in line with the scale of reductions required to meet the goals of the Paris Agreement.

While the Group's operations have been carbon-neutral since 2014, we announced further greenhouse gas emissions reduction targets in 2021. As a member of RE100, the Group signed up in 2019 to use 100 percent renewable power across all global operations by the end of 2022. In 2021, we announced with immediate effect that new company vehicles would be electric or hybrid, with the goal to eliminate internal combustion engine-only vehicles from our fleet by 2025. By 2029 our fleet will be electric or plug-in hybrid only, as previously agreed as part of our membership in the EV100. We also announced the ambition to keep air travel emissions at 70 percent below 2019 levels. Starting in 2021, we activated an internal price on all our operational emissions. The levy feeds a carbon fund which is used to support CO₂ neutrality and to drive down emissions from operations, as well as other emissions sources related to the business or our employees.

[Read more:](#)
Reducing our carbon footprint

¹ <https://www.unepti.org/net-zero-insurance/>

² GHG emissions here refer to insurers' and reinsurers' Scope 1, 2 and 3 emissions. Insurers' and reinsurers' Scope 3 emissions should include their customers' Scope 1 and 2 and Scope 3 emissions, where significant, and where data allows.



Our 1.5° future (continued)

2

Innovating for sustainable solutions

We work with customers and collaborate with public and private organizations to enhance resilience and advocate for solutions to prevent or minimize damage and harm from climate-related perils. We develop insurance and risk management solutions for new technologies, business models and approaches that are needed to achieve a climate-neutral economy.

[Read more:](#)
Sustainable solutions

We use capital markets to search for and fund solutions to many pressing social or environmental issues. We also apply our leading impact investing approach to build a portfolio of green impact investments that helps avoid 5 million tons of CO2e per year and benefits 5 million people every year. We are working with the Net-Zero Asset Owner Alliance to increase the pipeline of investment opportunities in climate solutions that are suitable for institutional investors.

[Read more:](#)
Our approach to responsible investment

3

Deeply understanding and integrating climate risk into the way we conduct business

Understanding and managing climate impacts is an important aspect of maintaining our long-term profitability. Zurich's approach to climate risk is part of our Group-wide risk management processes. It is managed in a way that is consistent with other risks to which the Group is exposed. We are integrating assessments of the evolving physical and transition risk landscape into our underwriting and investment strategies.

We are also investing in improving our understanding of climate risks in order to manage them more effectively. A key area of focus is in modeling the effects of physical risk on our portfolios. While climate change models are constantly improving, they remain less accurate when it comes to performing certain detailed analyses of the impact of natural catastrophe changes on our portfolio. Traditional commercial catastrophe models that form the basis of our current modeling are typically based on historical data and hence do not reflect future changes in trends. For this reason, we have started to combine climate change scenarios and natural catastrophe models to build a view of climate change into our physical risk modeling.

[Read more:](#)
Our Task Force on Climate-related Financial Disclosures (TCFD) report

Inspiring action

We lead by example.

The Zurich International Life business was the first runner up in the financial services category of the 14th Arabia Corporate Social Responsibility Awards 2021.

"Sustainability is a mindset," says Reena Vivek, Chief Executive Officer, Zurich Middle East. "In the Middle East, we're leading by example, committed to working collaboratively with our partners and stakeholders to build a better future for everyone."

The award acknowledges our various accomplishments and sustainability efforts in the Middle East. These include: sponsoring the 'Clean-Up UAE' initiative, connecting our people with the local community to clean up natural and protected sites across the seven emirates; investing in digitalization to improve customer experience; introducing our flex-work policy and buddy program to prepare our people for the future of work; and supporting employee wellbeing.

[← Reena Vivek](#)
Chief Executive Officer, Zurich Middle East



Our 1.5° future (continued)

Update on thermal coal, oil sands and oil shale position

Progress

In accordance with the thermal coal, oil sands and oil shale policy, all initial engagements were concluded by midyear 2021. All companies covered by the thresholds have either been cleared, excluded or are under continued engagement depending on whether they presented credible transition plans. Progress on these targets is monitored and can be revoked if companies fail to meet their transition targets. The graphic to the right represents our status as of end 2021, with year-end divestment and gross written premiums phase out numbers.

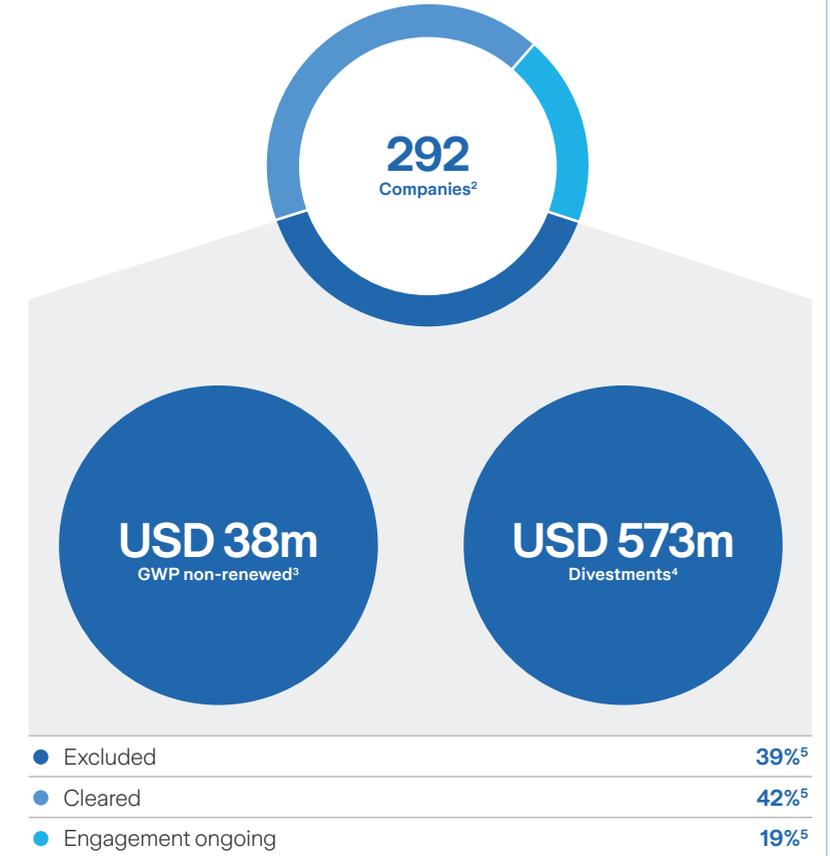
To measure the progress of the implementation of our coal policy, we are monitoring the number of companies affected by its thresholds and its actions taken on both the insurance and investment side. Since the introduction of Zurich's first coal policy in 2017, our actions resulted in the divestment of USD 573 million in assets and the phase out of insurance relationships covering USD 38 million of gross written premiums. While these figures represent less than half of one percent of Zurich's respective investment or insurance portfolios, our exposure to the thermal coal and oil sands industry was already limited before policy inception, reflecting our ESG integration approach.

For those companies that neither had science-based targets to decarbonize nor a credible plan for a transition from thermal coal, oil sands or oil shale, we have stopped writing new business, initiated the transition to an alternative insurer, divested from equity holdings, stopped investing in new debt and let existing holdings run-off. For 19 percent of remaining companies that are still on their transition journey and have credible coal reduction targets in place, we will continue to annually review progress to confirm that meaningful actual movement toward those targets continues within three years maximum.

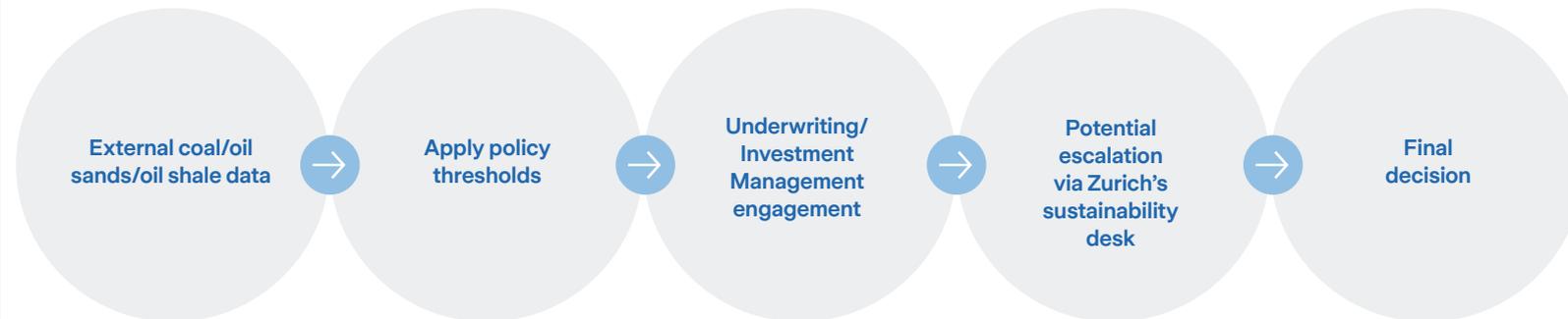
Furthermore, we will only consider new clients or investee companies that are already below those limits or have near-term commitments in place to bring them below the limits. Any new prospective clients and investee companies that are being assessed against the policy will be included in our list. Therefore, the numbers reported will continue to evolve as we record decisions against our policy for newly identified companies.

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. As we are working toward fully phasing out thermal coal-related companies from our insurance portfolio¹, we will evolve our monitoring and disclosure to provide transparency on our progress against those goals.

Progress on coal and oil sands/oil shale policy



The five stages of our engagement



¹ By 2030 for EU and OECD countries and by 2040 for the rest of the world.

² Number of companies subject to Zurich's coal, oil sands and oil shale policy since 2017.
³ Non-renewed gross written premiums (GWP).
⁴ Cumulated divested equity and fixed income already disposed since 2017.
⁵ The percentages relate to the number of companies.

Sustainable operations

Interview with Head of Operational Sustainability

Q&A with Anja-Lea Fischer

“

Corporations have a critical role to play in leading the transition to a low-carbon future.

Anja-Lea Fischer
Head of Operational Sustainability

As the Head of Operational Sustainability, Anja-Lea Fischer and her team are responsible for Zurich's global environmental reporting. They manage strategic projects, support local initiatives to help mitigate Zurich's environmental impact, and strengthen employee engagement on sustainable operations.

What milestones did Zurich achieve in 2021?

The most significant developments are the science-based emissions reduction targets, which we announced in March 2021 to reduce emissions by 50 percent by 2025, and 70 percent by 2029, putting our operations on a clear 1.5°C path. We're demonstrating great progress on our RE100 commitment (100 percent renewable power by the end of 2022) and have mobilized efforts toward our EV100 target (fully electrified car fleet by the end of 2029). We've also set other ambitions to, for example, measure and improve the sustainability of our office portfolio and to keep our air travel emissions 70 percent below 2019 levels. We're sending a very clear message that corporations have a critical role to play to lead the transition to a low-carbon future.

Why is it important for Zurich to set high standards for its own operations?

As an insurer, the biggest part of our footprint is not from our direct operations. That said, keeping our own house in order is an essential part of what we do. Otherwise, it undermines the credibility of all our other sustainability efforts. Before we can ask customers, suppliers and investee companies to make changes, we have to walk the talk ourselves. It helps us authentically understand the challenges they are going through, which helps us to be a better partner on the sustainability journey.

What inspires you about your job?

The need to constantly evolve to keep up with new and changing best practices. It's the most exciting competition to be in, as we're all on the same team. Whether it's working with internal stakeholders, our suppliers, or other external networks, we collectively challenge each other to do better.

How do you inspire colleagues to take action?

It's all about making connections. You need to take what we're doing in operations and connect it to what employees like, see, feel and touch on a day-to-day basis. We really aim to apply sustainability in every corner of our business, from eliminating under-desk waste bins, to the lunch menu provided – the sustainable choice should be the default choice. Our employee population is very aware of sustainability and very engaged. For example, during our internal Climate Month engagement campaign in September, we had more than 80 employee-led events which attracted more than 8,000 attendees, in person and virtually.

The inspiration also works in the opposite direction: listening to employees and their passion for the environment motivates and focuses our efforts.

What actions are you most excited about?

First, there's the carbon fund, which is creating new opportunities to really drive innovation and creativity from our employees. Any employee can submit a funding request for any type of emissions reduction project. It doesn't even have to be directly related to our operational emissions.

Aside from that, I'm very excited that we have a renewable power commitment for our strategic data centers. We have pledged to power all our strategic data centers with renewable power by end 2022, in line with our existing RE100 commitment for our offices. As part of our Scope 3 emissions, it's outside our own operations so the commitment shows how we're going above and beyond. I'm very proud we've added this commitment to our list.

What's the next big topic for sustainable operations, generally speaking?

I think we have a lot of opportunities in our supply chain that have yet to be revealed, and I'm looking forward to the collaboration with our suppliers to define and reach new solutions. I'm also anticipating that electronic waste is going to become a big topic in the sustainability space. In addition to pollution, it touches on resource scarcity and data privacy, so we need to see popular adoption of responsible electronic waste recycling practices (rather than hoarding old phones in our drawers at home).

Sustainable operations (continued)
Leading by example

Reducing our carbon footprint.

At Zurich, we recognize the urgency of the climate change crisis. That's why we've set new science-based emissions reduction targets for our operations.

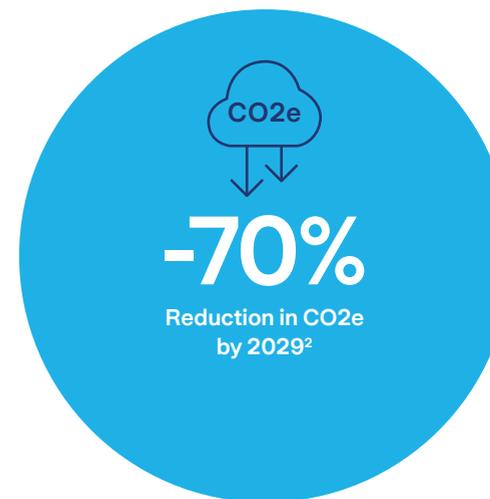
Our approach

While the greatest impact to influence the climate change trajectory may lie with our core business and investments, it is just as important for us as a business to monitor and improve our own environmental footprint. This also provides firsthand experience and insights to better understand the challenges our customers, suppliers and other stakeholders face as we work together to keep the world on a 1.5°C-aligned path.

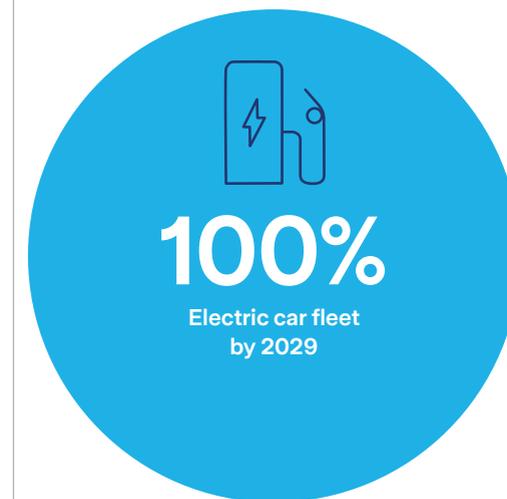
We prioritize good governance practices, which require demonstrating transparency and accountability in our approach to operational sustainability. Through our environmental reporting, we enable a clear understanding of how our business impacts the environment. We disclose our performance externally, align with externally defined goals, and audit our data externally on an annual basis. In 2021, we announced new science-based targets for our operations. As part of our continuous improvement approach, we have broadened our emissions reporting to include additional sources of emissions (employee commuting, strategic data centers, waste and printed paper). We have made a commitment to power all our strategic data centers with renewable power by the end of 2022, in line with our existing RE100¹ commitment for our offices.

Our goals

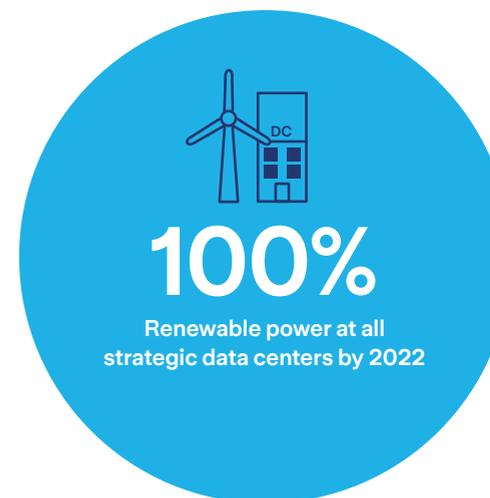
Science-based CO2e reduction targets



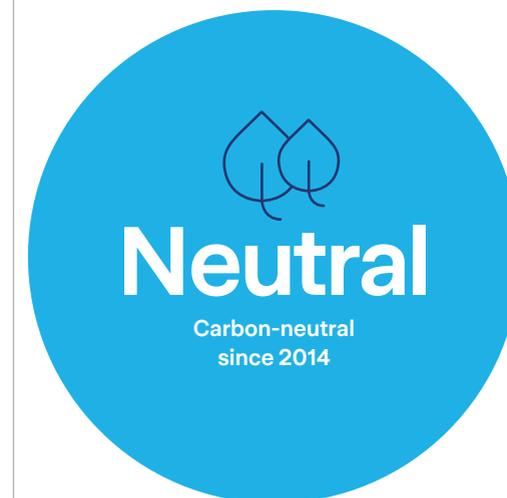
Electric car fleet



Renewable power



Carbon neutrality



¹ RE100 is a global leadership initiative bringing together influential businesses committed to 100 percent renewable electricity. Zurich joined RE100 in 2019.
² Based on 2019 level.

Sustainable operations (continued) Leading by example (continued)

A culture of sustainability

Our own operational practices serve as a springboard for our employees, so together, we can amplify our impact. We look for ways to build awareness about our own sustainability activities, and work to help our employees feel connected to them. We focus on tangible examples, such as eliminating single-use plastics in our offices, to help our employees feel confident and empowered to embrace the sustainability agenda in their daily lives, including at home. In September 2021, we announced five aspirational goals to complement, and in some cases accelerate, the ongoing effort to meet our operational sustainability targets.

With these five aspirations, we recognize the increasing urgency for action to combat climate change. We are also helping to maintain some of the important behaviors learned during the global pandemic, for example, using digital collaboration tools to communicate effectively and contribute to successful running of the business across geographic distances. By demonstrating further actions in the areas of air travel, food, fleet, our buildings and business processes, we reinforce the importance of taking a holistic approach to operational sustainability.



Air travel

70 percent permanent reduction in air travel emissions¹



Sustainable food

Develop & implement a global sustainable food program for our premises



Car fleet

100 percent electric or hybrid car fleet by 2025



Sustainable buildings

Implement a sustainable buildings program in 50 sites in 2022



Paper

Customer communication aiming to be fully digital²

Absolute carbon emissions coming from our own operations³

Key performance indicator	Unit of measurement	2019 (base year) ³	2020	2020 change relative to base year	Target reduction 2025	Target reduction 2029
Absolute carbon emissions	CO2e	164,346	66,708	(59%)	50%	70%
Absolute reduction in all operational emissions	(metric tons)					
Scope 1 + 2 emissions	CO2e	49,042	27,714	(43%)	55%	80%
Reduction in emissions from the vehicle fleet and onsite heating as well as from purchased electricity, heat and steam (e.g., district heating)	(metric tons)					
Scope 3 emissions	CO2e	115,304	38,994	(66%)	50%	65%
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	(metric tons)					

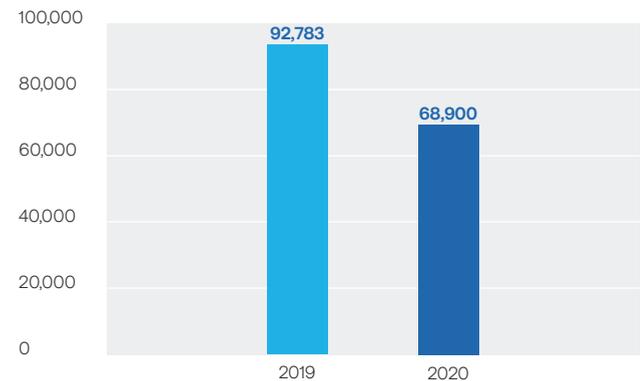
During 2020, while COVID-19 impacts drove the majority of emissions reductions, we delivered strong progress on our renewable power target, moving from 50 percent to 74 percent.

We also saw a 26 percent decrease in office electricity consumption, as energy efficiency measures were put in place to minimize energy waste in mostly empty offices.

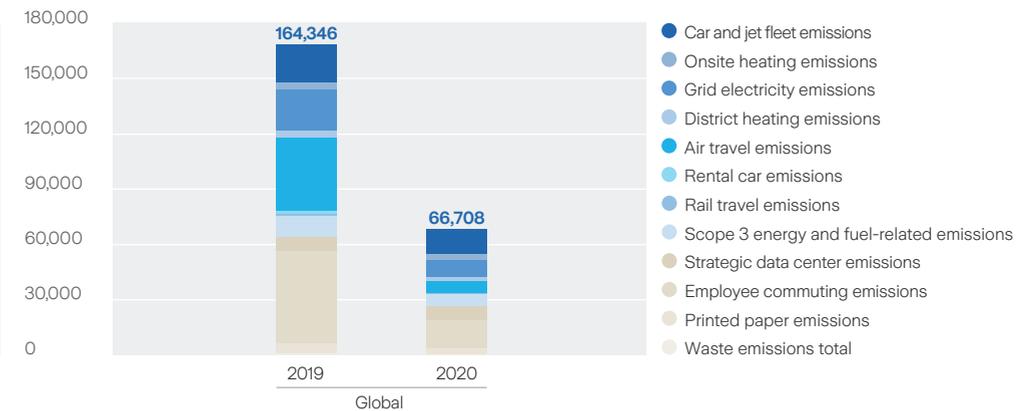
With bold emission-reduction targets in place, internal sub-targets have been set for all our business units to ensure operations across the Group are taking steps to stay on the emission-reduction path.

We have restated our 2019 base year emissions to reflect our new reporting methodology. To adhere to our climate neutrality claim, we have retired the additional voluntary emission-reduction certificates ('offsets') to match the increased emissions in 2019.

Global office electricity consumption MWh



Emissions by source metric tons CO2e



¹ Starting in 2022.
² By 2025; customers may opt-in to paper-based communications.
³ Operational emissions include extrapolations to ensure 100 percent data coverage while details by categories are explained here: www.zurich.com/sustainability/sustainable-operations/our-environmental-kpis

Sustainable operations (continued) Minimizing our environmental impact

Throughout our sustainability report we share inspiring stories from across our business. These stories demonstrate our efforts and passion for a more sustainable future.

The Zurich carbon fund

In 2021, we launched an internal carbon fund to support emission-reduction initiatives across the Group. The goal is to empower any employee to bring forward emission-reduction ideas – and it is working. The fund is already demonstrating value by supporting initiatives that otherwise would not have happened, for example, two photovoltaic installation projects planned in Mexico and on the Isle of Man. The fund is enabling the progression of our net-zero strategy for our operations with a project to explore pre-investment in carbon removal solutions. It is also the source of funding for Zurich's carbon neutrality.

Case study

Zurich North America supports the transition to electric vehicles and renewable power

Zurich North America (ZNA) expanded the number of electric vehicle (EV) charging stations at its headquarters in Schaumburg, Illinois from eight stations to 32, enabling employees to charge their cars at no cost. Eight of these charging stations are now available for visitors to the headquarters to use in the parking lot.

In August, ZNA launched a pilot to offer renewable power to employees for their home energy consumption. Employees are able to opt-in to this sustainability benefit by linking their utility information with Arcadia, a renewable energy technology company. Arcadia connects homes and commercial locations to eligible community solar projects. If you're ineligible for community solar due to your region, Arcadia purchases renewable energy certificates to qualify the power consumption as renewable. Approximately 200 employees completed the sign-up process by the initial deadline, which aligned with Climate Week in New York City. This resulted in a donation from Arcadia to the American Red Cross' disaster relief fund. The Z Zurich Foundation matched Arcadia's donation to assist the American Red Cross.



David Yanda
Facilities Management Lead,
North America Headquarters

What was the thinking behind this effort? First, it's the present environment. There are many more electric vehicles (EVs) on the road since we built the headquarters in 2016, and finding an EV station in the parking ramp was becoming more challenging.

Second, there's no doubt that the number of EVs on the road will continue to grow. And third, it's our continued effort to reduce our carbon footprint. Adding more EV charging stations is a big step in that direction.



Kelli Borden
Zurich Project Manager for
the Arcadia Energy Program

This is a program where Zurich employees can truly move the needle as we transition to a low-carbon economy. It's a win for our employees, and more importantly, it's a win for our planet.

Case study

Zurich Brazil creates a responsible e-waste program

Zurich Brazil is a leader in extended warranty, accidental damage, and theft and robbery insurance for electronic devices, especially mobile phones and personal computers. It runs Zurich Services Network, the largest repair platform in the market.

Zurich Services Network runs a program to collect, treat and recycle e-waste materials to raise awareness about, and reduce, the impact of electronic waste on the environment. Customers and partners are able to discard old mobile phones and personal computers at designated collection points. The devices are sent to repair centers where the electronic waste materials are separated. Through a certified partner, and in compliance with Brazilian and global sustainability policies, Zurich sends the waste to different industries as raw material. It means plastics, metals, glass and other materials are re-used in the manufacturing of new products, helping to reduce new natural resource extraction and consumption.

In 2021, Zurich Brazil recycled approximately one ton of electronic waste materials through the program. Today, it has more than 240 drop-off points throughout Brazil for customers to dispose of these items.

Sustainable operations (continued) Minimizing our environmental impact (continued)



Case study

Zurich Indonesia launches a series of solar panel installation projects

As of 2021, Zurich Indonesia became the first insurance company to partner with the state electricity company, purchasing 100 percent renewable power through energy attribute certificates to support the development of new renewable power plants within the market.

In addition to purchasing energy attribute certificates, Zurich Indonesia celebrated the installation of its first onsite renewable power generation system with solar panels on the rooftop of the Graha Zurich head office building.

Despite the abundance of sunny days in Indonesia, current cost constraints make it challenging to generate and consume solar power. Zurich is proactively demonstrating leadership in harnessing Indonesia's solar potential with the aim to accelerate the clean energy transition. Additional solar panels are planned for installation on the rooftops of several Zurich buildings in early 2022 across the country.



Case study

Zurich Group establishes a global guideline for electronic waste management

Through the sustainable IT program, we are working to better understand how we manage electronic waste, or e-waste, such as laptops, desktops, monitors, mobile phones and peripheral devices. In early 2021, an e-waste survey was created and submitted to each Zurich business unit globally to identify the best practices in managing this waste in different countries. As a result of the survey responses, Zurich created global electronic waste guidelines. The goal of these guidelines is to ensure that all business units follow a set of high standard rules for managing, tracking, disposing and being accountable for their e-waste, ensuring that Zurich knows where its electronic waste ends up.

In 2022, Zurich will work with a number of partners and suppliers, who share the same sustainability values on electronic waste, to try to minimize waste to landfill. To achieve this, old computing hardware will be given a second life with another customer, or be broken down into component parts and remanufactured into alternative products.



Gavin Clements
Global Platform Lead GTO

I enjoy advancing Zurich's sustainability efforts by supporting best practices around e-waste management, including responsible and safe recycling practices and reuse of old technology.



Case study

Eco Office Certification: Recognition of Zurich Singapore's progress in its sustainability journey

In Singapore, Zurich has been recognized by the Singapore Environment Council (SEC) for achieving the professional standard in its Eco Office Certification program, granting it invaluable access to SEC's tools, resources and experience. Zurich joins a growing community of companies that are implementing environmentally-friendly practices and fostering eco-consciousness among employees, for example, by promoting a low-carbon lifestyle, responsible consumption and using fewer resources, both in the workplace and at home. With this certification, Zurich reinforces its commitment to further developing sustainability management and working with stakeholders to create a brighter future together.



Sustainable operations (continued)

Our sustainable buildings



Case study

The Zurich Campus Cologne receives recognition for its sustainability features

In 2021, the German Sustainable Building Council (DGNB) officially recognized the high sustainability standards of Zurich Campus Cologne in its ecology, economy and sociocultural achievements. The project integrated sustainability from the very start: in the planning and construction, when considering the resources to be used, the time requirements, costs, and the use of sustainable building materials. From a mobility perspective, the site is well connected to public transport, offers electric charging infrastructure, and parking spaces for bikes.

Supporting energy efficiency, the offices include a heat recovery system for both the ventilation system and cooling systems. Additional efficiency measures include a green roof with sedum plants to reduce the heat island effect, automation to support efficient lighting and ventilation levels, energy efficient elevators, and high-quality insulation in the windows and building envelope (the separation of the interior and exterior of the building). To help promote healthy hydration, all coffee points offer filtered flat or sparkling water directly from the sink faucet. Employees also have access to relaxation spaces integrated on every other office floor and enjoy a sustainable catering program that focuses on providing regionally sourced products.



Case study

Redeveloped Group headquarters aims for top sustainability certifications

Our Group Head Office in Zürich, Switzerland, opened its doors to employees in June 2021. The Quai Zurich Campus blends the old with the new, bringing together heritage properties and state-of-the-art new buildings to reflect the evolving nature of our company. We have achieved platinum-level environmental certification and we are working towards wellbeing certifications through the Leadership in Energy and Environmental Design (LEED) and WELL programs (a leading tool for advancing health and wellbeing in buildings globally), respectively. In addition, we have achieved local certifications with 2000-Watt-Society certification for the whole campus, MINERGIE-P ECO certification for the new buildings, and MINERGIE ECO certification for the historically listed buildings. MINERGIE is a registered quality label in Switzerland for new and refurbished low energy consumption buildings.

The campus is entirely fossil fuel free, thanks in part to our highly efficient lake water heating and cooling system and photovoltaic panels on the roof. Energy efficiency is supported with green roofing features to lower the heat island effect, and windows that minimize heat gain from the sun. Rainwater captured is used for sanitary systems. To support our employees' health and wellbeing, free fitness classes are provided on site, sit-stand desks support regular movement, and a holistic, sustainable food program is available. The connection to nature is present throughout the campus, with an extensive indoor plant program, the world's largest sandstone single-block water fountain, and other natural elements integrated in the office furniture and design.



Case study

Zurich Tower, our workplace of the future in North Sydney Australia

The construction of the 29-story Zurich Tower was completed at the end of 2020 with the majority of employees fully relocated to the new Australian headquarters by July 2021.

As a new build, environmental and sustainability features were a key requirement to obtain the 5-Star Green Star Design and to achieve a 5-Star NABERS (National Australian Built Environment Rating System) Energy rating in August 2021.

The new building offers visitors electric car charging and 190 bicycle parking spots, along with showers and changing rooms for riders. An automated LED lighting system adjusts based on information from sensors that measure the amount of light shining in through the floor-to-ceiling windows. Operationally, there has been an approximate 69 percent reduction in energy consumption in comparison to the same period in 2020 at the previous headquarters. A biophilia program boasts more than 1,000 beautiful indoor plants which are maintained through sustainable care practices to support a connection with nature. Ergonomic sit-stand workstations and promotion of stair use raise awareness of the importance of regular movement for employees. The waste and recycling program follows best practices. Environmental considerations were taken in the project's procurement approach, which included using ultra-low VOC (volatile organic compounds) materials. This means paints, sealants, adhesives, wallpapers and carpet tiles omit minimal off-gassing. In addition, all timbers, veneers and laminates have been sustainably sourced.



Greg Lee
Mailroom Manager, Corporate Real Estate
& Workplace Services Australia

It's great to be able to work in a space that's environmentally conscious. To see so many plants on the floor is refreshing. The team really enjoys the greenery here.



Sustainable operations (continued)

Employees taking action: the power of many

Employees taking action: the power of many

To create a sustainable future, together we must ensure sustainable behaviors are embedded into everything we do. At Zurich, we have taken a grassroots approach to our engagement strategy to educate and cultivate awareness that empowers our employees to take action.

In partnership with our employees, we deliver relevant messaging through interactive and engaging activities. These span everything from Earth Hour and a dedicated Climate Month, to getting involved in entrepreneurial programs. Whether it's participating to protect our planet and mitigate climate change, or knowledge sharing to prepare for the digital transformation of insurance, with the power of many, we have the knowledge, skills, and passion to create real impact.



Case study

Earth Hour: switching off our lights for the planet

Earth Hour is one of the world's largest grassroots movements for the environment. Held every year on the last Saturday in March, millions of people across the globe switch off their lights to show support for our planet. For many years, Zurich has proudly participated in this movement. Although circumstances were different in 2021 due to the pandemic, we still used the opportunity to make an impact by kicking off a week-long global campaign with virtual activities, including a video challenge on Zurich's internal collaboration tool. Employees could post videos of themselves pledging to 'go dark' for one hour and challenge their colleagues to do the same. The winner received a cash prize donated in their name to a charity of their choice, provided by the Z Zurich Foundation.

During the main event on March 27, at 8:30 pm, employees from more than 30 countries and territories across the globe, took part in this critical movement in support of our planet.



Andrew Madden
UK Property & Casualty
Risk Business Partner,
Brexit Design Lead

I'm proud I was part of the ZPlaneteers and produced a video to promote Earth Hour by encouraging others to turn off their lights for one hour. It was humbling to be a part of something so big, with so many people around the world taking part in unison. It gives me confidence that we can help protect the planet if we work together.



Antonio Atorino
Sustainability and Health
& Safety Manager for Corporate
Real Estate & Logistic
Services – Switzerland

I use Earth Hour as an opportunity to raise awareness about our workplaces – and way of life in general – among my colleagues, friends and all those who want to pay attention to sustainability. The work we've been doing for a long time now in our Zürich-based offices – the photovoltaic panels and vertical garden on the façade, for instance – can happily serve as an example for our private lives. In our own small way, we can try to make a contribution: reducing waste of resources and promoting biodiversity.



Diana Ponzielli
Internal Communications
& Sustainability Manager,
Zurich Argentina

Earth Hour brought together thousands of people and companies in Argentina to build awareness about climate change.

In Zurich Argentina, the lights in all our buildings were turned off and all digital communications were made in dark colors to optimize the use of white pixels and reduce the battery consumption of mobile devices.

We also invited our employees to participate in an internal challenge called #LightsOffChallenge. Participants shared videos on our internal social media platform showing creative ways of turning off the lights to generate engagement and have fun taking care of the planet.

Sustainable operations (continued) Employees taking action: the power of many (continued)



Case study

Climate Month 2021 featuring Green Week Wednesdays: doing our part to fight climate change

Addressing climate change requires collective action at every level, from governments to businesses to individuals. September 2021 marked Zurich's Climate Month featuring 'Green Week Wednesdays', a series of events dedicated to awareness, education, and action.

This employee-led movement inspired many articles, podcasts, reports, and videos shared internally and externally across Zurich's social media channels. Climate Month also featured company-wide conversations about sustainability hosted by Zurich's senior leaders. 'Green Week Wednesday' events, hosted by Zurich employees, involved all regions across Zurich and the Z Zurich Foundation.

Events ranged from education to fundraising and included: helping to build flood resilience, environmental and social activism, sustainable dessert making, learning about the importance of bees and their contribution to biodiversity, understanding the benefits of electric vehicles, carbon neutrality and Zurich's offsetting project with Rimba Raya Biodiversity Reserve, and much more.

More than 80 activities and events were attended, in-person and virtually, with more than 8,000 attendees coming together to share, listen, and learn about the impacts of climate change and the part we all play in helping the planet.



David Yanda
Facilities Management Lead,
North America Headquarters

Climate Month gave us a great opportunity to show colleagues how the lives of humans and honeybees are incredibly intertwined. Bees play such an important role when it comes to ecosystems and our environment by pollinating one-third of the food we eat, including fruits, vegetables, nuts, coffee, and chocolate.



Aidee Zamorano
Climate Change Adaptation
Program Manager

In my role with the Z Zurich Foundation, I'm focused on adaptation to climate change. The Green Week Wednesday sessions were a perfect channel to better explain to our colleagues the fieldwork we do with the Zurich Flood Resilience Alliance.



Kristina Weiss
Sustainable Operations,
Germany

I'm impressed by the huge step Zurich has taken in its sustainability activities within a year. This was reflected in the variety of topics presented this year during Green Week. In addition, digital experiences from the COVID-19 pandemic were successfully used to reach as many employees as possible with different forms of events.



Teresa Wong
Chief Risk Officer for Property &
Casualty Segment in Zurich Malaysia

“Climate Month refocuses the discussion about climate change onto how to take good care of Mother Earth.”



Sustainable operations (continued)

Employees taking action: the power of many (continued)



Case study

Micro-Tyco continues to support the UN Global Goals

2021 brought to life the pilot initiatives developed in 2020 via 'Micro-Tyco Innovate' – a six-week entrepreneurial training program for employees that uses a competition to generate ideas to promote the UN Sustainable Development Goals. Examples of the pilots include the 'Tech Poverty Project', an employee e-waste recycling program that seeks to provide underprivileged school children with access to technology, as well as the 'GoGreen@Home' initiative, an employee awareness program which aims to help employees make sustainable choices at home by helping employees shop for sustainable products.

Given the success of the program, resulting initiatives and participant feedback, we have expanded our use of Micro-Tyco within Zurich. For example:

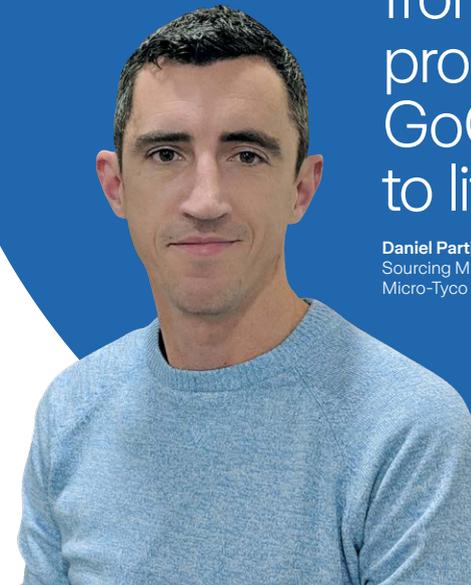
- We ran an expanded version of Micro-Tyco Innovate, involving colleagues from across various functions and countries. The winning idea was a project that aims to provide sustainable farming advice to smallholder farmers. The winning team is now working to pilot their idea in Ecuador.
- Zurich UK has added Micro-Tyco Innovate as a key part of its graduate scheme.
- We also introduced a new individual mode of participation in the program for colleagues from across Procurement & Vendor Management teams globally. Participants were challenged to identify initiatives that they could implement within their own sphere of influence and that address the UN SDGs by applying the Micro-Tyco method.

These collective actions meant that more than 100 employees from across the company experienced a Micro-Tyco program in 2021 – successfully raising awareness of the UN SDGs and providing opportunities for employees to make an impact.

Micro-Tyco Innovate is a program run by the social enterprise, WildHearts Group that raises money to address gender inequality in the developing world and in the UK, and inspires school students to create a positive impact in their local communities. By collaborating with Micro-Tyco, Zurich is helping to fund training for schools and colleges, giving children ways to make a difference in the communities where they live.

Micro-Tyco really challenged my thinking. It gave me a strong understanding of the UN Sustainable Development Goals and innovation methods in a creative way. I learnt a great deal from the program and I'm proud to have brought the GoGreen@Home initiatives to life with my team mates.

Daniel Partington
Sourcing Manager, UK and
Micro-Tyco Innovate Participant



Responsible investment Overview and highlights

Doing well and doing good.

At Zurich, we aim to be one of the most responsible and impactful businesses in the world. Our approach to investment is no exception.



A leading responsible investor

Zurich is proud to be a leader in responsible investing. We believe creating long-term, sustainable value – doing well and doing good – is not only possible, but necessary for all our investments.

When we do ‘well,’ we generate superior risk-adjusted returns for our customers and shareholders. When we do ‘good’ we have a positive impact on society and the communities where we live and work. Since we manage approximately USD 200 billion of own assets, by doing well and doing good, we can achieve substantial, long-term results that benefit both people and the planet.

Beyond investment returns, we also focus on fully decarbonizing our investment portfolio by 2050, helping to avoid CO2 emissions and benefiting people through our impact investments.

Our responsible investment approach as an asset owner

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

- **ESG integration:** besides examining financial performance, we also assess environmental, social governance (ESG) factors when analyzing individual investments and investment managers. We consider these sustainability risks and opportunities when we decide whether to buy or sell assets.
- **Impact investing:** we fund institutions or projects that, while generating a safe, adequate return on our premiums, also generate targeted and measurable positive environmental or social impacts. More specifically, we are aiming to build an impact investment portfolio that helps save 5 million metric tons of CO2-equivalent emissions and benefits 5 million people every year.
- **Advancing together:** responsible investing is becoming more sophisticated. We are glad to play a leadership role in developing new and innovative

ways to measure impact, scale sustainable investment markets and practices with integrity, and promote climate action – working together with a broad group of stakeholders.

We apply a holistic responsible investment strategy across all our investments. Our three main ways of managing our portfolio responsibly, as described above, are supported by a variety of other technical approaches such as active ownership, selective exclusion screens and a net zero by 2050 decarbonization target. This enables us to apply the appropriate responsible investment approach to each individual asset class. In 2021, almost all of our own assets were managed by a signatory to the Principles for Responsible Investment (PRI) or asset managers meeting our requirements for responsible investment, giving us confidence that these assets are managed in line with our strategy. We also believe that we can achieve the best outcomes when we specify the responsible investment management approach used on an asset class level.

[Read more: Journey to net zero](#)

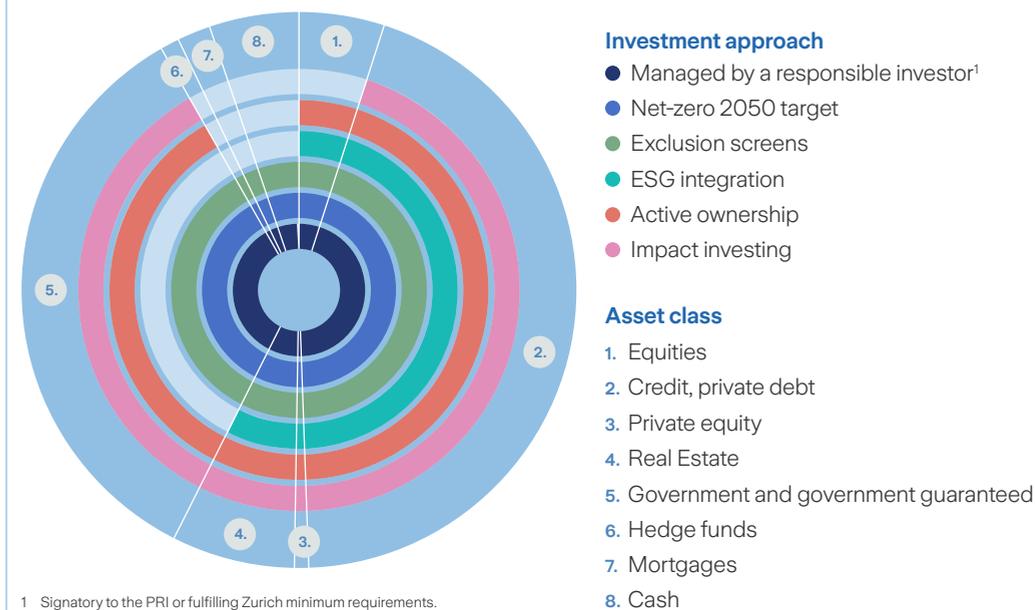
As the graph to the right illustrates, every asset class is covered by at least one element of our responsible investment approach.

Highlights in 2021

- In 2021, we laid the foundation for our net-zero journey, strengthening our impact investing commitment and further widening our responsible investment strategy:
- We set interim targets for 2025 on our net-zero journey commitment for the first three asset classes (listed equity, corporate debt and real estate).
 - We verified our market-leading impact investment approach and were able to further increase the impact delivered, thanks to a growing portfolio.
 - We articulated a responsible investment approach for our sizable unit-linked assets to be aligned with our balance sheet approach for responsible investment.

Responsible investment strategy as an asset owner

The graph is a simplified visualization of our holistic responsible investment strategy, comprising a variety of tools which we match with the asset classes where they have most practical influence.



Responsible investment key performance indicators

	2021	2020	Change	2019	2018	2017
Assets managed by responsible investor ¹	99.6%	99.6%	–	98.2%	97.5%	97.5%
Total amount of impact investments (USD millions)	7,037	5,770	22.0%	4,555	3,790	2,830
Investment portfolio (USD millions) ²	211,334	226,389	(6.6)%	204,803	195,472	207,261

¹ A United Nations supported PRI signatory or asset manager that fulfills our minimum requirements for ESG integration.
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.

Responsible investment (continued)
ESG integration

Integrating sustainability.

Proactively integrating environmental, social and governance (ESG) factors into the investment process supports us in 'doing well' and helps us to generate superior, risk-adjusted long-term financial returns.



Overview

We examine the financial performance of individual investments and investment managers, and we also assess their ESG performance. We take these sustainability risks and opportunities into consideration when deciding to buy or sell assets.

Successful ESG integration is based on four requirements:

- Adequate training to help investment decision-makers understand the relevance of ESG factors.
- Access to data, research and analysis pertaining to ESG issues to inform investment decision-making.
- Formal integration of ESG factors into the security, asset and asset manager selection process.
- Active ownership practices, such proxy voting and active engagement campaigns.

These four requirements help us to integrate ESG factors in the investment approach, and help us to understand and monitor where we or our asset managers stand in terms of capabilities. Zurich's definition of ESG integration is interpreted relatively strictly. This means we only apply it to asset classes where sufficient ESG information is accessible, and where portfolios offer frequent turnover and a sufficient variety of issuers, so that taking into account ESG factors can actually influence investment decisions.

Progress and key developments

ESG risks and opportunities are integrated in all relevant asset classes. We keep monitoring the fulfillment of our minimum requirements, defined along the four above-mentioned requirements, but focus on further strengthening and expanding our ESG integration approach to other asset classes not yet in scope for integration. In 2021, we have been working with our colleagues in the Hedge Fund and Financial Engineering team to formulate an integration approach for hedge funds and collateralized loan obligation mandates (CLOs). Implementation will take place in 2022.

2021, however, was the year where we mainly focused on active ownership, also known as stewardship, which includes engagement and proxy voting.

Engagement policy enforcement

Engagement is an important responsible investment approach, which aims to have an effective influence on the real economy. We use our influence over current or potential investees, issuers, policy makers, and other stakeholders – often collaboratively – to maximize overall long-term value. Direct engagement with companies we invest in may be used to share general investor feedback with a company in regard to its strategy and both financial and non-financial performance, as well as positively influence decisions related to ESG. Engagement is a crucial tool for our net-zero journey, using our voice as investor to ask and encourage companies in setting their own decarbonization targets and becoming active agents of transition.

We have helped write a guide with the Asset Owner Alliance, on how asset owners can engage with their asset managers and formulate expectations for climate-smart proxy voting and engagement policies. As good practice – and as described in the guide – we used our relationship with asset managers to ask them to join [Climate Action 100+](#) and [Net-Zero Asset Managers initiative](#) in the event that they were not already members.

Moreover, we started our third global top-down engagement campaign: the 'net-zero' campaign.

 [Read more:](#)
[Our net-zero journey](#)

Proxy voting

In accordance with the work done under the Asset Owner Alliance, we strengthened our own proxy voting policy around three key points:

- Systematically supporting shareholder and 'say on climate' proposals calling for net-zero targets and adequate climate action that is science-based.
- Moving to a merit-based interpretation of shareholder proposals. We may vote for sustainability topics, which companies say they will address but haven't yet fully implemented, in order to signal ongoing support. Traditionally, the management of companies has often interpreted this as a signal of escalation. Together with the Asset Owner Alliance and large asset managers, we are working on changing this interpretation from being a signal of escalation to a signal of support.
- Updated Zurich's proxy voting policy to allow for escalating failed engagement on emission reduction target setting. We expect investee companies – especially from emission-intensive sectors – to play a role in the transition by setting their own science-based targets for a 1.5°C aligned trajectory and showing credible progress toward this target over time. Where we see no progress and our collaborative or bilateral engagements fail, we will escalate by voting against the chairperson of the board and other board members as adequate, starting in 2023.

We further rolled out our proxy voting scope and in 2021 applied it to a large externally managed portfolio that required a complex set-up for proxy voting. Upon concluding this project, we can confirm all our in-house as well as external asset managers are now in a position to fully execute all their votes.

While 2021 has seen an unprecedented focus on climate-related topics, we are also making efforts to strengthen our proxy voting policy around other topics. In 2021, we amended the policy to vote against any all-male boards around the globe.

Responsible investment (continued) ESG integration (continued)



Case study

Keeping our word on engagement

In one instance, we voted against a company’s proposal related to its climate strategy, specifically its plan to reduce greenhouse gas emissions, the so-called ‘Advisory Vote on Climate Action Transition Plan’. The company published its pathway to net zero – its first climate action transition plan – in December 2020. This report sets out its ambition and commitment to become a net-zero total emissions company by 2050 or earlier, claiming to be in line with the goals of the Paris Agreement.

However, we concluded that the company’s reduction plan is not strong enough and its coal reduction should proceed at a more aggressive pace than envisaged by its current strategy. Our position is informed by knowledge gained from the implementation of our thermal coal, oil sands and oil shale policy. Our engagement with the company confirmed that the company is operating above our thresholds and that the current strategic plan will not bring it below these thresholds in the foreseeable future. We therefore

added the company’s name to our restricted list.

Based on these findings, we voted against that specific proposal during proxy voting season and then exited the stock position.



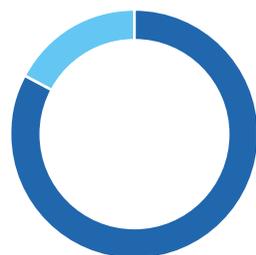
ESG integration key performance indicators

- ESG-integration: close to 100 percent of all our assets were managed by a Principles for Responsible Investment (PRI) signatory or asset manager that met our minimum ESG integration requirements – in other words, met our basic requirements of training, data, process, and voting and engagement.
- Proxy voting: we voted 83 percent of our in-scope equity in 2021, based on assets under management. Close to 90 percent of our equity is in scope for proxy voting, please see proxy voting policy for further details.

The share of equity investments for which votes were not cast included assets where economic costs of exercising voting rights are not commensurate with expected benefits or where we bought a stock after proxy voting season.

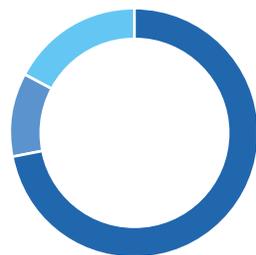
The increase of votes cast is mainly driven by the successful roll-out of proxy voting to further externally managed assets as described above. In addition, it is the result of a lower portfolio turnover in comparison to last year.

Our voting activities in 2021



● Votes cast	83%
● No votes cast	17%

Our voting behavior in 2021



● Voted with management	72%
● Voted against management	11%
● No votes cast	17%

Inspiring action

We invest responsibly.



Zurich pursues responsible investment through integrating ESG into investment decisions, impact investing and working with others to define and promote best practices. “At Zurich, we’re not only managing our portfolio to generate returns,” says Johanna Köb, Head of Responsible Investment. “We also target social and environmental benefits and are part of transitioning to a net-zero economy.”

← Johanna Köb
Head of Responsible Investment



Responsible investment (continued)

Impact investing

Focus on impact.

As a responsible investor, we use capital markets to search for – and fund – solutions to many of the pressing social or environmental issues of our time.

Impact investing is our way of investing in good causes

Impact investments are investment opportunities that allow us to intentionally target a specific and measurable social or environmental impact. They are also profitable, meaning that they generate a financial return adequate to compensate the risk. Zurich evaluates impact investments within the context of specific asset classes and creates dedicated strategies for impact investments for each of them. Zurich is committed to helping to avoid 5 million metric tons of CO₂-equivalent emissions per year, and separately, make a positive contribution to the lives and livelihoods of 5 million people through its impact investing portfolio. We are the first large institutional investor to prioritize the environmental and social goals of its impact investment portfolio and will invest what is needed to meet our targets.

Progress and key developments

We are very proud to be a member of the Operating Principles for Impact Management (OPIM) and have a verified impact investing approach. Zurich is a founding member of these Principles, the market-leading approach to manage impact investments. The Impact Principles provide a framework for investors so that impact considerations are purposefully integrated throughout the investment life cycle. As a signatory to the Principles, we have externally verified our approach to impact investing, such as how we define our objectives, establish our contribution to the achieved impact, assess the impact and how we ensure an exit sustains the impact.

In 2021, we evaluated infrastructure private equity, as part of our effort to evaluate new prospective opportunities across asset classes to broaden our approach and increase investment volume. Being an experienced investor in lending private debt to infrastructure projects, we defined a similar approach to impact assets in private equity. The first investments are expected to take place in 2022.

We continue to grow our global impact investment portfolio. 2021 led to a further substantial increase in size and we continue to work toward our impact investment target to avoid 5 million tons of CO₂-equivalent emissions and improve the lives of 5 million people annually. At the end of the year, Zurich's impact investment portfolio of USD 7 billion had helped avoid 4.6 million tons of CO₂-equivalent emissions and improved the lives of 3.6 million people, on an annual basis.¹

¹ Impact numbers for 2021 include methodology upgrade from previous years, as explained in Zurich's impact measurement framework methodology paper <https://www.zurich.com/sustainability/responsible-investment/impact-investment>

Impact investment topics per asset class



Our green bond portfolio funds projects in categories such as:

- Renewable energy generation and transmission.
- Energy efficiency.
- Sustainable forestry.
- Sustainable water and wastewater management.
- Pollution prevention and control.

- Circular economy (e.g., research and development (R&D) expenditures of products intended to achieve energy efficiency, paper packaging from certified sustainable forestry and recycled materials).
- Clean transport (e.g., electric cars).
- Waste management (e.g., equipment takeback programs and initiatives).
- Green buildings.



Our social/sustainability bond portfolio funds projects in categories such as:

- Affordable housing.
- Access to essential services.
- Elderly care homes.
- Small-medium enterprises financing.
- Education to underserved communities.
- COVID-19 response programs.



Our eight impact private equity funds invest in portfolio companies that are active in:

- Clean tech.
- Financial inclusion.
- Micro insurance.
- Health care in emerging markets.
- Education providers in emerging markets.

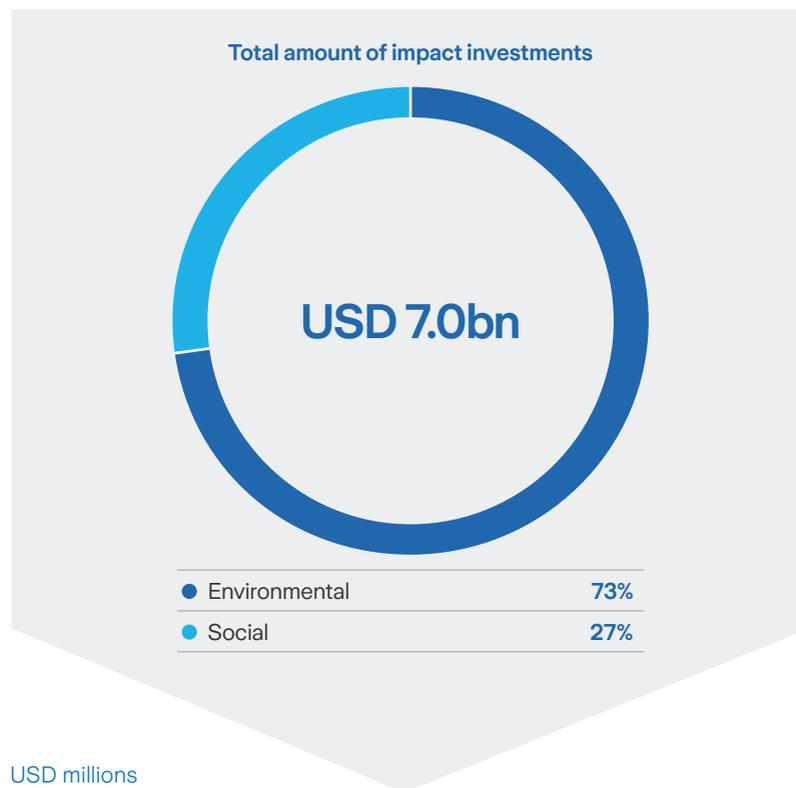


Our private debt infrastructure portfolio lends to:

- Renewable energy generation.
- Energy efficiency.
- Clean public transport.
- Social housing.
- Education, such as special needs schools.

Responsible investment (continued)
Impact investing (continued)

Impact investing key performance indicators



4.6 million tons
of CO₂-equivalent emissions avoided



3.6 million people
benefited from a positive contribution to their lives and livelihood



¹ Impact numbers for 2021 include a methodology upgrade from previous years, as explained in Zurich's impact measurement methodology paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-impact-measurement-framework.pdf



Awards

We were thrilled that our impact investment methodology won yet another award, the seventh since 2017. In 2021, Money For Change – M4C awarded Zurich first place as an asset owner. The judges were impressed by the size of our portfolio, having placed more than USD 5 billion in impact assets that have helped to avoid several tons of CO₂e and benefit several million people. They also praised our approach to addressing climate change and focusing on SDG 13 – Climate Action. With our impact investment approach, we are looking at financing options to address the urgent social and ecological problems of our time as efficiently as possible.



Case study

Access to healthcare in India

Zurich invests in LeapFrog Investments, a private equity manager investing in extraordinary businesses in Asia and Africa, working together to achieve leaps of growth, profitability and impact. Through LeapFrog, Zurich invests in Ascent, a leading consumer healthcare product business that produces and sells its own products in India improving access to quality, relevant and affordable healthcare products in emerging markets. Musculoskeletal conditions are the largest contributor to years lived with disability worldwide, leading to lower productivity and earlier exit from the workforce (WHO 2021). Ascent helps address this issue by distributing its orthopaedic, mobility and wound care products to over 150,000 retail pharmacies across 28 states in India and a further 40 countries. The company generates approximately 80 percent of its revenues domestically, with the remaining 20 percent from exports to mostly emerging markets in the Middle East, Africa and Asia.

Ascent demonstrated resilience despite headwinds from COVID-19 during 2020 and 2021 and even outperformed its listed peers within the Indian consumer healthcare industry.

The company was affected by lockdowns, which disrupted sales activities, operations and distribution channels. However, the company responded to COVID-19-driven demand by launching the FlamiMask face mask range in June 2020 and increasing exports to other emerging markets. The company is poised for further growth in a niche, fast-growing market with few competitors, providing high-quality and competitively priced orthopaedics to India's aging population.



Responsible investment (continued)

Impact investing (continued)



Case study

Offshore wind from the Baltic Sea

Zurich invested in a green bond issued by a European grid company. The green bond finances two projects in the Baltic Sea: Ostwind 1 and 2. The Ostwind 1 project is in operation and connects the 'Wikinger' and 'Arkona' offshore wind farms with the Lubmin substation on the mainland of Northern Germany via two offshore platforms. The Ostwind 2 project will connect nearby wind farms 'Arcadis Ost 1' and 'Baltic Eagle' to the German extra high-voltage grid.

The projects Ostwind 1 and 2 are in line with the EU Action Plan on Climate Change. The EU's aim is to increase the number of households and businesses that can be supplied with electricity produced by wind energy, thereby avoiding CO2 emissions.

Zurich's investment in this European grid company helps to avoid 11,000 tons of CO2 emissions annually – the equivalent of CO2 emissions released by 2,300 cars driven for one year, or the carbon sequestered by almost 180,000 tree seedlings grown over a 10-year period.¹



Read more:
Green financing

Calculating avoided CO2 emissions

Avoided CO2 emissions = amount of renewable energy provided in kWh x CO2 emissions per kWh

The avoided CO2 emissions have been calculated with this formula using the latest available data.²



Read more:
Open source Impact Measurement Framework paper



Offshore windfarm in the Baltic Sea
Source: 50Hertz/Jean Paulis

¹ Source: www.epa.gov/energy/greenhouse-gas-equivalencies-calculator
² German Environment Agency (Umweltbundesamt) publication "Entwicklung der spezifischen Kohlendioxid-Emissionen des deutschen Strommix in den Jahren 1990 – 2019", dated April 2020.

Responsible investment (continued)
Advancing together

Working hand-in-hand.

We believe that responsible investment will only truly have an impact if financial market participants advance together to take this approach mainstream.

Overview

Supporting collaborative initiatives and working with other industry participants to further advance responsible investment is important to us. We have signed the UN-backed Principles for Responsible Investment (PRI) as well as the Principles for Sustainable Insurance (PSI) and collaborate with a number of industry initiatives and research bodies.



Read more:
Collaborating to advance responsible investment

23

Participated actively in
23 membership organizations

48

Spoke about responsible
investment at 48 conferences
and other industry events

Progress and key developments

To make progress toward meeting our commitments and advancing the responsible investment market in general, we took several important steps in 2021:

- On climate change, Zurich supports relevant working groups in the UN-supported Asset Owner Alliance and the Science-based Target initiative. Zurich employees had leading roles in writing Asset Owner Alliance position papers on engagement and real estate.
- We continue to play an active role in shaping the impact investment landscape. Zurich has a seat on the advisory board of the Operating Principles for Impact Management (OPIM) and is an active investors' council member of the Global Impact Investment Network (GIIN). Zurich served as co-chair of the Green Bond and Social Bond Principles for the first six years after its creation, and remains an active member of its executive committee.
- We drive policy advocacy work in collaboration with our Regulatory Affairs team.

In 2021, we actively participated in a total of 23 industry initiatives and research bodies and spoke at 48 online events and conferences globally.

Inspiring action

Advancing together.

The ultimate objective of responsible investment – to create social and environmental value alongside financial returns – can only be achieved if the various responsible investment practices become truly embedded in mainstream investment management. “The collaboration among responsible investment professionals is very refreshing to see in the financial market,” says Danielle Brassel, Responsible Investment Analyst at Zurich. “We know there’s no time to lose in the fight against climate change, so combining forces is crucial.”



Danielle Brassel
Responsible Investment Analyst,
Zurich Insurance Group



Responsible investment (continued)
Journey to net zero

Journey to net zero.

Every business and every investment asset will be affected by climate change. Collective action is needed to mitigate and adapt to it.

Overview

Responsible investing is multi-faceted. We consider climate-related activities to be an integral part of our holistic responsible investing strategy. Given the nature of our business as an insurer and investor, climate change presents undeniable challenges for our business and our customers. We therefore use the resources we have to contribute to necessary change and take a stand in the fight against climate change. We actively support the transition to a net-zero emissions economy and the mitigation of climate-related risks.

As climate change cuts across many areas, we are managing it through an eight-step approach that forms part of – and applies the tools of – our responsible investment strategy, presented on [page 37](#).

The eight-step climate strategy focuses on:



Net-zero portfolios by 2050



Scenarios



Strengthening ESG integration



Benchmarks



Financing the transition to a climate-neutral economy



Driving change through advocacy



Engagement



Selective exclusions

Please find our full climate strategy [on our website](#) and in the integrated sustainability disclosure of the Annual Report 2021.

As a founding member of the UN-convened Net-Zero Asset Owner Alliance, launched in 2019, we are committed to having a net-zero emissions investment portfolio by 2050. Through our dedicated climate actions, we are working to achieve this by setting intermediate targets for 2025, regularly reporting on progress.

Responsible investment (continued)

Journey to net zero (continued)

Progress and key developments

A 30-year journey starts with first steps and we have made progress along our climate strategy on various fronts.



Net-zero portfolios by 2050

We have set 2025 interim targets for engagements, financing solutions and emission reductions in a variety of asset classes, which will be broadened as suitable methodologies become available.

Emission reduction

Our emissions reduction targets cover both listed equity and corporate bond investments as well as direct real estate investments. By 2025, we aim to:

- Reduce the intensity of emissions of listed equity and corporate bond investments by 25 percent, in terms of tons of CO₂-equivalent per USD million invested.
- Reduce the intensity of emissions of direct real estate investments by 30 percent, in terms of kilograms of CO₂-equivalent per square meter.

In 2020, Zurich reached its emission reduction targets for its Swiss real estate portfolio. As a signatory to the Asset Owner Alliance, we subsequently widened the scope of emissions reduction targets to our global real estate portfolio.

Engagement

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. We will:

- Engage with the companies producing 65 percent of portfolio emissions and lacking targets aligned with the Paris Agreement.
- Require these companies to set targets aligned with the Paris Agreement.
- Collaborate with asset managers in highlighting 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 Asset Owner Alliance. Should engagement fail and companies refuse to set targets after due dialogue, we will vote against board members at shareholder meetings.

Financing the transition by financing climate solutions

Our targets for financing climate solutions enhance the Group's existing long-term engagement to provide green financing solutions under its impact investing strategy, announced in 2017. Climate solutions are investments in economic activities that contribute substantially to climate change mitigation or adaptation. These are solutions that reduce greenhouse gases by avoiding emissions and/or by sequestering carbon dioxide already in the atmosphere, or investments in climate change adaptation that contributes to enhancing adaptive capacity, strengthens resilience and reduces vulnerability to climate change.

Zurich will:

- Increase allocation to climate solution investments.
- Avoid 5 million tons of CO₂-equivalent emissions per year through impact investments.
- Contribute to a market environment that enables a growing pipeline of climate solution investments suitable to institutional investors, based on the experience from building a multi-asset class impact portfolio over the years.

Progress in these targets is included later in this chapter.

[Read more:](#)
Integrated sustainability disclosure



Scenarios

We upgraded our scorecard approach with the inclusion of a portfolio-level, climate risk scenario analysis. This analysis has highlighted not only the risks but also the opportunities of climate change as well as the transition to a climate-neutral economy.

[Read more:](#)
Our Task Force on Climate-related Financial Disclosures (TCFD) report



Benchmarks

We are piloting a benchmark that incorporates a climate risk assessment on policyholder money in the UK. The chosen benchmark delivers a 30 percent cut in exposure to financed emissions of its constituents and enhanced environmental, social and governance outcomes when compared to its parent index. ESG integration practices, including climate risk integration, in passive investment portfolios can only be managed through benchmark adaptations.



Engagement

We have contributed to the development of a [guide](#) with the Asset Owner Alliance on how asset owners can engage with their asset managers and formulate expectations for climate-smart proxy voting and engagement policies. We have also upgraded our own policies in light of this.

We advanced our engagement under our thermal coal, oil sands and oil shale policy as our two-year engagement period ended in June 2021. Where engagements with these customers were 'ongoing' we aimed to fully understand the companies' transition path and made decisions accordingly, including adding some to a restricted list. As of the end of 2021, we divested and disposed of USD 573 million from companies that operate above our thresholds and do not have credible long-term transition plans, summarized since the implementation of our coal, oil sands and oil shale policy in 2017.



Selective exclusions

In 2021, we started our third top-down engagement campaign: the 'net zero' campaign. In line with our net-zero interim targets, we are engaging with the top 65 percent of emitters of financed emissions without science-based targets to ask them to set their own science-based emission reduction targets. Our work carried out under the coal policy engagement will support us in our third campaign, as some of these companies are also in the top 65 percent emitters. Moreover, as part of our engagement strategy, we ask companies to phase out coal by 2030 in Organisation for Economic Co-operation and Development (OECD) and EU countries, and by 2040 in the rest of the world.

Where a company is already targeted by Climate Action 100+, to which we are a signatory, we prioritize collaborative engagement through our Climate Action 100+ membership. Where a company is also an insurance customer, the investment management and underwriting teams work together to implement the thermal coal policy.

Responsible investment (continued) Journey to net zero (continued)



Journey to net zero: key performance indicators

The following section highlights our progress toward our net-zero journey to 2025.

Read more:
Full reporting framework in the integrated sustainability disclosure

Our 2025 emission reduction targets

With the COVID-19 pandemic resulting in the largest-ever decline in global emissions, Zurich's emission reduction undoubtedly benefited from this effect. As primary energy demand dropped nearly four percent in 2020, global energy-related CO2 emissions fell by 5.8 percent according to the latest statistical data.¹ Unfortunately, we already know that global CO2 emissions rebounded in 2021. In addition, the divestments of restricted names based on our thermal coal, oil sand and oil shale policy contributed to the financed emission reduction. These two effects positively impacted the reduction of financed emissions, which might not continue at the same pace in coming years.

Read more:
Integrated sustainability disclosure



-21%
Reduction in corporate financed emission intensity (2021 vs 2019)²



-6%
Reduction real estate emission intensity (2020 vs 2019)³

Financing climate solutions

Climate solutions counts investments in green impact investment and green certified buildings. In our impact investment portfolio, we differentiate between green and social impact investments. Green certified buildings are those real estate assets that have received an external efficiency guarantee.

Read more:
Impact investments



- Green impact investment⁴ USD 5,115m
- Green certified buildings⁵ USD 3,088m

4.6 million tCO2e
avoided through climate-related impact investments⁶

Engaging

In alignment with the timeline of our thermal coal/oil sands policy, all initial engagements were concluded in 2021 and have led to our climate engagement campaign. For more about our third top-down engagement campaign, please see 'Engagement Policy Enforcement' under ESG integration, [page 38](#). Additional data about our climate engagement campaign can be found in the integrated sustainability disclosure.



46%
Financed emissions we engaged with

Unit-linked responsible investment strategy

Why is this important

Zurich manages a sizable pool of unit-linked assets where investment strategy and specific funds are chosen by the customer. Being a responsible investor, it is important to us to also offer an adequate responsible investment approach in our direct customer offerings, by promoting sustainable investment opportunities. We aim to provide clients with workable investment opportunities while also allowing them to adhere to their values. Our customers profit from the experience and knowledge we have gained in helping to shape the responsible investment sector over the past years.

Progress in 2021 and what is next

Early in 2021, we announced that we will extend our responsible investment approach from balance sheet to unit-linked assets. By ensuring compatibility between balance sheet and unit-linked assets, this strategy decision also allows us to harmonize approaches for unit-linked assets across various countries. Specifically, Zurich will:

- Leverage and expand existing responsible investment toolkit (minimum standards for ESG fund selection, data, reporting etc.) into unit-linked business.
- Expand our in-house investment solutions (the carbon-neutral fund being an important step in this direction).
- Engage with distributors and asset managers to align methodologies, mainstreaming ESG offering, and advance responsible investment practices in their fund management process.

With an increasing number of ESG and sustainable products launched in 2021 (see [page 50](#)), these steps provide methodological consistency and ensure quality of service across various countries.

1 <https://www.iea.org/articles/global-energy-review-co2-emissions-in-2020>
2 Financed 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.
3 Real estate emissions are only available with a four-quarter lag. 2021 emissions will be reported in the 2022 report. Includes investment portfolio buildings only, as own-use buildings are part of Zurich's own operations net-zero boundary and report.
4 Value refers to the environmental share of Zurich's impact investments.

5 Green certified buildings based on balance sheet investments, including buildings used by Zurich.
6 Impact numbers for 2021 include methodology upgrade from previous years, as explained in Zurich's impact measurement methodology paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-impact-measurement-framework.pdf

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



Our customers

We work together with our customers to help advance the transition to a climate-neutral economy.

Inspiring action

Inspiring change.

We live in a world of new opportunities – and evolving risks. When it comes to natural catastrophes, such as flooding or hurricanes, society is often unprepared to cope with such events. “Solving this challenge will require a collective effort from individuals, governments and organizations,” says Sierra Signorelli, CEO Commercial Insurance. “Zurich is helping to inspire this change.”

 **Sierra Signorelli**
CEO Commercial Insurance



Sustainable solutions

Your needs are at the heart of everything we do.

Customers are at the core of our business. They include individuals, small businesses, mid-sized and large companies, and multinational corporations. We create value for our customers by helping them understand, prevent and protect themselves from risk.

 **Read more:**
We care about our customers



The context

In the last 150 years, we have shown ourselves to be a reliable and trustworthy company in an unstable world, with a long history of using our expertise to care for society and people. However, customer expectations are evolving. Lifestyles are changing, creating new demands. Technology, meanwhile, is having a profound impact, leading more customers to expect a seamless digital experience. They want more personalized products, faster delivery and simpler processes.

Our customer goals

1. **Customer-centric sustainable solutions and experiences.**
2. **Create fair and transparent experiences.**
3. **Digital confidence and trust.**

We aim to use every Zurich experience to build a meaningful relationship with our customers and become a trusted partner, so we feel confident together, connected to our community, and optimistic about the future. To create the solutions and experiences that support our customers, we must understand their evolving needs and innovate along the way.

This focus on innovative, customer-centric solutions is illustrated by the wide range of new products and services being developed across the Group, including those with a sustainable impact.

Working together

In addition to our collaboration with industry peers around our net-zero commitments, we are also proud to contribute our expertise to various working groups and partnerships with a focus on decarbonization. One example of this is the European Carbon+ Farming Coalition. Together with other organizations and stakeholders representing every step of the food value chain, we have joined in an ambitious new effort to decarbonize the European food system, while maximizing other benefits such as soil health and farmer resilience. Insurance is key to making change happen in every industry and, at Zurich, we are committed to understanding how we can support in every area of transition – those we traditionally operate in and those that potentially create new and exciting opportunities.

Sustainable solutions (continued)

Our approach

Providing more sustainable solutions to our customers is at the heart of our business strategy. We aim to support them with insurance and risk management solutions for the new technologies, business models and approaches needed to achieve a climate-neutral and inclusive economy.

In 2021, we developed a new quantitative approach to calculate the Group-wide revenues¹ from products that comply with our definition of sustainable solutions. Our first analysis revealed that gross written premiums and policy fees from sustainable solutions (based on approved products related to our own definition) represent approximately USD 289 million for 2021. We refer to insurance policies, add-on coverages, investment products and advisory services designed or adapted to support activities that generate positive environmental or social impacts and contribute to mitigating climate risks. Across all business units, a number of different products were identified.

Of these, insurance for electric vehicles, renewable energy and unit-linked products were the categories with the highest number of products fulfilling our internal definition.

We define three categories of sustainable solutions, as shown in the table on the right.

We are dedicated to developing new and relevant solutions that address all aspects of sustainability: not only our own focus areas but those of our customers. In 2021, we set up a community of practice focusing on development of solutions to support the transition (mobility, green consumerism, energy, carbon and sustainable infrastructure) and bringing together employees from across our global organization and its various functions and business units.

This facilitates knowledge-sharing and connects experts in various sustainability fields, so we can leverage ideas from region to region and continue to build out our sustainable solutions offerings.

Following the successful execution of our thermal coal, oil sands and oil shale policy, we will continue to take a leadership position on tackling climate change. While fossil fuel exposure makes up a relatively small proportion of our portfolio, we will replicate our thermal coal engagement approach with oil and gas companies. We will continue proactive engagement with our oil and gas customers over the next 24 months to understand and support their transition plans. In the absence of meaningful transition plans, we will start by no longer underwriting new oil exploration projects.² Considering the environmental sensitivities of the Arctic³, we also commit that we will not support oil and gas drilling production in the Arctic. At the same time, we will increase our focus on renewable energy and have committed to expanding our alternative energy solutions in 2022.

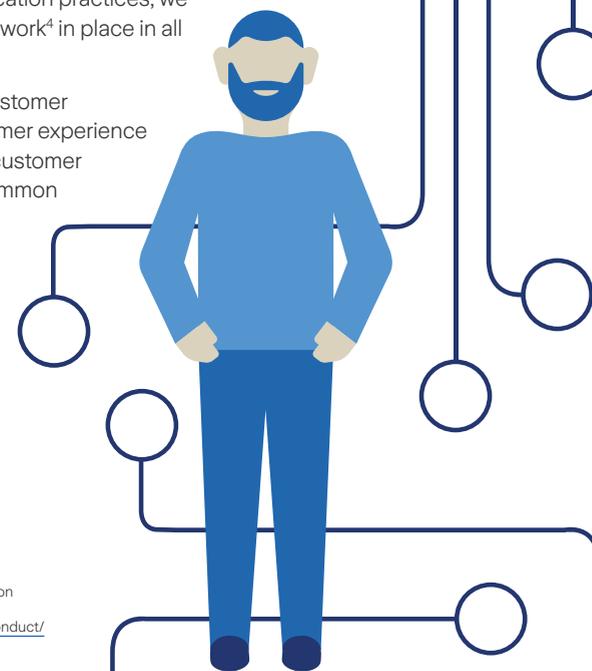
Listening to customers

We continue to evolve our customer experience by listening and acting on customer feedback through our net promoter system (NPS) programs. We interviewed around 1 million customers in 2021 across our business and took action based on their feedback. Actions ranged from small process optimizations to more sizable measures, such as collaborating with leading tech firms to co-create new technology solutions to deliver a more frictionless customer experience. One example is the collaboration with Sprout-Ai in the UK, which has cut property claim settlement decisions to a few hours and gives customers additional clarity on the outcome of the claim. The combination of these small and large actions contributed to us recording record levels of customer satisfaction, achieving a 3.7-point increase in our Transactional NPS40 score in 2021.

Fair and transparent advice and engagements

In line with our Group's Code of Conduct, we strive to manage the risks of poor outcomes for our customers and conduct our business in a way that treats them fairly. We acknowledge that our customers can be exposed to different risks at different stages of the customer journey and believe that clear and transparent communication is critical to mitigate these risks. To support strong customer management, including fair communication practices, we have a Global Customer Facing Conduct Framework⁴ in place in all our business units.

As part of our continued focus on enhancing customer experience, we have also defined a set of customer experience standards. These standards define what good customer experience looks like at Zurich and provide a common benchmark of quality for the whole organization. By following all applicable laws and regulations and striving to meet our customer experience standards we are better positioned to meet and exceed customer expectations.



¹ Revenues capture gross written premiums and policy fees.
² Unless meaningful transition plans are considered to be in place.
³ Considered as anything north of 66 degrees latitude with the exception of the Norwegian Continental Shelf (NCS).
⁴ <https://www.zurich.com/about-us/corporate-governance/code-of-conduct/we-care-about-our-customers>

Our three categories of sustainable solutions

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 environment-related risks on our customers.	Examples include: <ul style="list-style-type: none"> – 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.
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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 behaviors.	Examples include: <ul style="list-style-type: none"> – Life protection for customers with existing chronic diseases such as diabetes or cancer. – Life protection policies sold in a bundle with LiveWell. – Microinsurance for low-income clients, e.g., insurance for smallholder farmers.
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Revenues from sustainable investment solutions

Investment products with a focus on sustainability both specific, and not-specific, to environmental and social aspects.	Examples include: <ul style="list-style-type: none"> – Unit-linked products investing in funds focused on sustainable environmental and social factors, for example, ESG funds.
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Sustainable solutions (continued) Developing innovative sustainable solutions together



Case study

Sustainable unit-linked funds for customers looking to create a positive impact with their savings

In 2021, Zurich helped customers achieve healthy financial returns while supporting more environmentally and socially conscious companies through numerous ESG-aligned unit-linked investment products. Building on this success, Zurich Portugal and Zurich Austria both launched two unique investment products with the goal of generating sustainable impact as the key objective of the fund – ‘Pure ESG’ in Austria and ‘Investimento Sustentável’ in Portugal.

In Portugal, Zurich teamed up with the Portuguese bank CTT to release a sustainable investment unit-linked product that is classified as article 9 under EU Sustainable Finance Disclosure Regulation (SFDR) – the most stringent classification for sustainable investments of its kind. The investment product is composed of funds that aim to contribute to the United Nations Sustainable Development Goals (SDGs), prioritizing those that are especially important for Portugal.

Each year customers will be able to see not only a report on the financial return achieved by their investment, but also a visual, customer-friendly contribution report about their impact on the selected SDGs. Additionally, part of the management fee goes to a charity, which aims to raise awareness of sustainability topics in schools and local communities in Portugal.



Alex Bujanda
Chief Investment Officer, Investment Management Spain & Portugal

Financial return isn't the only thing that matters nowadays. The new generation wants to be involved in making the world a better place. By investing in this product, our customers don't have to choose between increasing their earnings and contributing to socially and environmentally important goals.



Case study

Zurich Carbon Neutral World Equity Fund

We launched an industry-first Carbon Neutral World Equity Fund – an innovative investment solution that combines a low-carbon investment strategy with carbon offsetting to boost investment options for climate-conscious life insurance customers. The fund offers well-diversified investment in low-emission companies and leaders in clean technology. As a result, the carbon footprint of the fund¹ is cut by approximately 85 percent compared with traditional investment strategies.² The residual emissions from the fund are offset via high-quality carbon credits to achieve carbon neutrality.



Wesley Caine
Global Head of Life Propositions and Inforce, Life Business Management

This pioneering solution is already available to our customers in Germany, Italy, Portugal, Switzerland and Zurich International. The Carbon Neutral fund will become an important building block for many more sustainable Life products across the globe.



Matt Vincent
Managing Director, Regional Investment Manager Europe

The new fund is the most recent example of sustainable product innovation at Zurich. We're pleased to offer our life insurance customers a well-diversified investment option that invests in a low-carbon future. The launch of the fund represents an important milestone for our responsible investment strategy.

¹ Scope 1+2 greenhouse gas emissions.
² Based on MSCI World Index as of December 31, 2021.

Sustainable solutions (continued)

Developing innovative sustainable solutions together (continued)



Case study

Gig economy cover, providing protection for workers in on-demand jobs

Throughout 2021, Zurich North America has continued to grow a new business segment to focus on the gig economy and the rapidly changing way individuals find temporary engagements to earn income. The digital economy has been around for years, and COVID-19 has greatly accelerated the adoption of independent working models. Zurich has committed itself to providing insurance coverage for this emerging segment of workers. The coverage allows for flexible, usage-based rating to account for the short-term engagements typically seen in the gig economy.



Brandon Hovsepian
Gig Economy Segment Leader,
Zurich North America

For over 20 years, Zurich North America has been protecting owner-operator truck drivers who don't follow the traditional employee-employer model. The natural extension to protect those who are part of the on-demand economy allows us to provide best-in-class underwriting and claims handling by leveraging both our existing underwriting expertise, as well as our stellar, dedicated occupational accident claims team.



Case study

Green parts

A green part is a non-safety-related automotive part removed from a donor vehicle and reused on a similar vehicle as part of the UK claims repair process. The parts come from vehicles that have been deemed end of life or declared a total loss. Using green parts allows us to extract value from waste vehicles, in line with the principles of a circular economy. All green parts are original equipment and reduce the need for new parts to be manufactured, helping to reduce CO2 emissions.



Robert McWilliams
Approved Repairer
Vendor Manager
Zurich UK

Customers see the real benefit of using green parts as it allows us to work toward being sustainable and helps the environment, without affecting the quality of repairs.



Case study

Zurich Resilience Solutions broadens climate change resilience services to include sustainability and climate solutions

As customers move from defining sustainability goals to implementing specific measures to achieve them, they are looking for support in:

1. Avoiding that the implementation of sustainability measures into existing locations does not increase risk.
2. Identifying sites with high natural hazards and climate change risks.
3. Sustainability reporting in existing frameworks, e.g., TCFD (Task Force on Climate-Related Financial Disclosures).
4. Practical solutions that cover all aspects of sustainability including social and governance as well as environment and climate.

Sustainability and climate solutions support multiple functions in our customers' organizations not only in developing climate change impact scenarios and the associated solutions, but also in other areas of sustainability, for example workplace diversity, equity and inclusion assessments. Each service builds on our expertise in these areas.



Stephan Hillert
Global Head
of Distribution,
Customers &
Growth, Zurich
Resilience Solutions

Our customers are turning to us to support them in their sustainability journeys as trusted long-term partners and in recognition of our market-leading expertise.

Sustainable solutions (continued)
Developing innovative sustainable solutions together (continued)



Case study

LiveWell Diagnostics

LiveWell and its global team has a strong passion for health-related topics. Through their app, they empower people to improve their health and wellbeing by providing users with a personalized and unique holistic proposition covering physical health, mental health, social health and financial health.

LiveWell believes each individual has the right to life-long good health and quality of life. Its mission is to inspire positive change and provide impactful services and solutions to help improve the health and wellbeing of all individuals irrespective of their state of health.

LiveWell reported strong growth throughout 2021 and has more than 1 million contracted customers.

LiveWell Diagnostics, Zurich's entry into the private medical insurance market in the UK, is a private medical insurance (PMI) product covering the diagnostic phase of a patient's journey. Once a member has their diagnosis, they can then seek treatment with the public/national health service.

This hybrid approach enables us to offer an innovative medical product for a great price, making it affordable for employers of large 'frontline' workforces that previously have not been able to provide all employees with access to private medical coverage.

These workforces are made up of individuals who are less likely to buy private healthcare away from work. It is also suitable for employers looking for a cheaper alternative to full, private medical insurance.

LiveWell Diagnostics enables members to cut the lengthy NHS queues that have been exacerbated by the COVID-19 situation. More importantly, it helps them avoid potentially long and stressful delays in understanding medical symptoms by ensuring conditions are diagnosed as quickly as possible. This should lead to faster treatment, avoidance of health deterioration and improvement of general wellbeing.



Stephane Baj
Head of UK Accident & Health and Multinational

It's amazing to hear so many employee benefits consultants and professionals unanimously say this product perfectly fills the gap between full, expensive group private medical insurance and the budget alternative – cash plans or token wellness services. It fulfills a great need in the market and makes private healthcare accessible to many more employee and company categories.



Helene Westerlind
LiveWell CEO

LiveWell's success in 2021 demonstrates the diversity and adaptability of our health and wellbeing offering across different portfolios and distribution models. Health affects all of us, and LiveWell is there to support every health journey.

Sustainable solutions (continued)

Developing innovative sustainable solutions together (continued)

**Case study****Collaborative research to power the sustainability of our customers****Carbon intensity analysis of commercial underwriting portfolios**

To better understand the carbon footprint of our Commercial Insurance customers and support them in their transition journey, Zurich formed a dedicated project group from across the organization to develop a comprehensive carbon intensity methodology.

Utilizing the work of the CRO Forum on carbon emission measurement, the team came together to develop, visualize and apply a consistent approach for carbon intensity measurement, based on an integrated data model and leveraging both internal and external data sources.

Pilots in various countries have introduced the methodology and concept to the wider Zurich Group, detailing and launching the global approach. Taking advantage of a truly transnational and cross-functional collaboration, the methodology was not only further refined and improved, but also operationalized locally.

The pioneering achievements of the project group will substantially contribute to Zurich's active role as a founding member of the UN-convened Net-Zero Insurance Alliance (NZIA), and its work in the working group launched by The Partnership for Carbon Accounting Financials (PCAF) in collaboration with the NZIA. This working group will develop the first global standard to measure and disclose greenhouse gas (GHG) emissions associated to insurance and reinsurance underwriting portfolios.



Joachim Wiesmann
Senior Risk Manager,
Group Risk Management

It's outstanding what we can achieve in such a short period of time and remarkable to see the commitment and passion for carbon emission measurement in all parts of the organization. I am excited to be part of such an important analysis.

**Case study****Benchmarking environmental performance of customers – University of St. Gallen**

In 2021, Zurich, a CEMS (Global Alliance in Management Education) corporate partner, and students from the University of St. Gallen worked together to create a framework to assess and monitor the sustainability performance and commitments of Zurich customers.

The students involved in the CEMS project created a framework based on environmental data to understand how companies performed relative to their individual industries. As a signatory of the UN Business Pledge to limit temperature rise to 1.5°C, Zurich is committed to taking a proactive role in enabling transition to a net-zero economy. This project has provided us a way to evaluate how sustainable a company is by considering carbon, water and waste emissions.



Consuelo Fierro
CEMS student project member
and Commercial Insurance
Sustainability Intern

There are so many approaches a business can take when pursuing a sustainable future. Working on these projects with Zurich was eye-opening. The innovative and comprehensive approach taken by Commercial Insurance is taking us toward a future where no company is left behind.

Sustainable solutions (continued)

Developing innovative sustainable solutions together (continued)



Case study

Zurich UK launches industry-first drive to help flood-stricken customers build back better

In November 2021, Zurich UK launched an industry-first drive to help homeowners and businesses better protect their properties from repeat flooding. Currently, when a flood occurs, most insurers look to reinstate properties on a like-for-like basis, potentially leaving them vulnerable to flooding again. Zurich wants to break the cycle by using the property repair process to help customers improve their flood resilience.

The aim is to reduce both the disruption faced by households and businesses and ultimately the cost of repeat flooding. Property flood resilience measures include 'cost neutral' changes, such as moving electric plug sockets higher up a wall following an electrical strip-out. With other modifications, homeowners and businesses may themselves look to invest in installing air brick covers, sump pumps and flood doors or barriers.

In an industry-first move, Zurich will inform flood-hit customers of simple changes they could make to reduce their vulnerability to future flooding. Zurich will also signpost customers to specialist advice on flood resilience, available grants and other resources. This is in addition to the flood prevention advice Zurich already offers to customers. To support this, Zurich has launched its Flood Resilience Toolkit, which sets out a formal process for loss adjusters to follow to ensure resilience is considered as part of every flood claim. Also in 2021, Zurich UK announced it would provide free counseling to policyholders and their families who become victims of flooding.



We've transformed the way we handle claims to help flood-hit customers build back better. This will mean every claim is a potential opportunity to make homes and businesses more resilient, and reduce the misery and disruption of being flooded time and again.

Paul Redington
Regional Major Loss Manager, Zurich UK



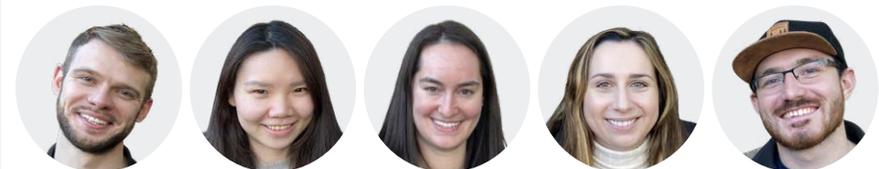
Case study

Scaling transition risk knowledge to better serve customers –University of Michigan

Zurich has partnered with an interdisciplinary team of graduate students at the University of Michigan to accelerate the adoption of sustainability practices into Zurich's Commercial Insurance business.

The team's work includes:

1. A series of briefs on industry transition pathways and key steps that are necessary for the transition to a sustainable and low-carbon future.
2. Research on effective education practices to integrate climate change and other sustainability knowledge into employees' day-to-day work. This research will enable Zurich to continue its work as an industry leader addressing the risks and opportunities associated with a 1.5°C future.



University of Michigan project team:
Andrea Bustamante, Mackenzie Dallas, David Duckett, Jeremiah Eaton, and Lenny Su.

Working with Zurich has been a wonderful learning opportunity and helped us see how we can address climate change through a mission-driven business. We're inspired by Zurich's leadership in the sustainability space and thankful for the chance to work on this project.

Sustainable solutions (continued)
Developing innovative sustainable solutions together (continued)



Case study

Mass timber builders risk insurance: supporting a more sustainable way of building

As the use of mass timber in commercial structures increases, Zurich in 2021 introduced an insurance product tailored to the characteristics of this method of construction. Mass timber is distinct from traditional wood-frame construction and, due to its lighter weight, it reduces concrete foundational requirements, further lowering a building's carbon footprint. When the wood for the timber – a renewable resource – comes from a sustainably managed forest, it naturally sequesters carbon, storing it in the building for decades. By underwriting this more sustainable way of building, Zurich is helping its construction customers achieve significant carbon reductions while creating aesthetically pleasing buildings.



Patrick McBride
Head of Construction
Property at Zurich North
America

Mass timber offers the dual benefits of a sustainable and durable building material. We expect to see strong momentum behind its adoption over the next several years. We're aligning our offerings to ensure we can enable our clients to integrate it into their construction projects.



Claire Varney
Property Technical
Claims Manager
Zurich UK

Customers tell us they want a simple, fast claims experience. Our research confirms they, too, are supportive of a proposition that offers sustainable methods and feel it's simply 'doing the right thing'.



Case study

Restoring damaged surfaces in the home to reduce waste and materials sent to landfill

Surface damage in the home, such as a chip, crack, scratch, or scorch mark, can be quite minor. Common practice was to replace the entire damaged unit, such as a kitchen worktop, bath, or sink, mainly due to a lack of skilled technicians, or for speed and ease of claim. Considering technological advances and techniques, Zurich UK has partnered with one of the UK's leading surface repair and restoration specialists, Plastic Surgeon. The company is part of the Polygon Group with ISO 14001 accreditation, which verifies long-term commitment to sustainable damage management, minimizing pollution, reducing energy usage and waste. A single skilled technician onsite uses state-of-the-art technology to carry out a high-quality restoration process. Repairs are carried out quickly at home avoiding the need to order and fit an entire new unit, thus causing far less disruption to the customer. The technicians can tackle a multitude of services and color match the final look to return the item to its pre-damaged state.



Case study

Understanding biodiversity exposure and risk management approaches

More than half of the world's total GDP, around USD 44 trillion of economic value generation, is moderately or highly dependent on nature and its services. It is, therefore, exposed to nature loss.¹ Human interactions with nature are negatively impacting biodiversity and this affects nature's capacity to continue providing the services on which the economy depends.

In 2021, in line with our efforts to understand as many aspects of sustainability as possible, the Commercial Insurance sustainability team researched the potential effects of biodiversity loss on several key industries and the potential impact on our commercial customers. The analysis considered how certain industries impact, and are dependent on, biodiversity as well as the physical and transition risks of biodiversity loss. This work will allow Zurich to better assess its own exposure, and that of its customers, to biodiversity loss and the ways the Group can help customers better manage these risks.



Anoushka Pramanik
Business Management
Graduate

Biodiversity loss and climate change are twin crises we must tackle together to protect our planet and the global economy. Analyzing the impacts and dependencies of key industries on nature is an important first step to mitigate the effects of biodiversity loss. I've found working with colleagues across the business to be a really valuable experience.

¹ Source: https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

Assessing and integrating sustainability risk

Managing sustainability-related risks.

As one of the world's leading insurers, Zurich takes a systematic, fully integrated approach to identifying, assessing and recommending action on potential risk and opportunity areas related to sustainability. We help our customers to adapt to more sustainable behaviors by providing risk transfer solutions that encourage risk prevention.



Our approach

Sustainability risks in business transactions

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

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

 **Read more:**
Protecting human rights

To support the above, we have implemented a sophisticated sustainability risk framework. This is a systematic and fully integrated approach to identifying, assessing and recommending action on potential risk and opportunity areas from a sustainability perspective across all our activities, but particularly in investment management and underwriting.

Our three-step process to managing sustainability:

1

Risk identification

Filter risks from various sources (ESG research, social and traditional media, NGOs, businesses) and identify those selected risks to go through our risk assessment process.

2

Risk assessment

Risk assessment by filtering risks through public commitments, role of insurance, underwriting risk assessment, market exposure assessment, etc. Our Group CEO approves a position statement on the risk, recommends business actions and takes reputational management considerations into account.

3

Implementation

Businesses locally implement mitigation actions and reputational management plans. Support available from experts across the Group and escalation follows normal governance procedures.

Sustainable products and services

Interview with Head of Sustainability, Commercial Insurance and Group Underwriting

Q&A with Gabrielle Durisch

As Head of Sustainability for Commercial Insurance and Group Underwriting, Gabrielle Durisch translates Zurich's sustainability strategy into its day-to-day interactions with customers. This includes developing products and solutions that support customers' sustainability goals as well as our own.

Can you describe some of the projects you've worked on?

My role has a customer side and an analytical side. So, one aspect of my job involves bringing together people from across the Group and leveraging knowledge from country to country. Products developed in carbon capture technologies in North America could also suit customers in the UK, for example. Another part of my role is representing Zurich in the Net-Zero Insurance Alliance: supporting the development of a methodology to calculate the carbon intensity of an underwriting portfolio and analyzing the carbon intensity of Zurich's underwriting book to develop our own transition pathway in underwriting.

Can companies help persuade people to change behaviors and live more sustainably?

I think the role of companies is to help consumers understand the impact of the different choices they make. We've realized people are more likely to agree to use second-hand parts to repair their cars if we explain it's more environmentally friendly to do so. It's not about forcing people to make changes; it's about providing options and ensuring they can make an informed choice.

What trends are you seeing currently in sustainable insurance and among customers?

Everyone's very focused on the energy transition and moving toward net zero, especially in Europe. As part of that, we're seeing a huge number of customers looking into green energy, circular economies and waste reduction practices. Another area that's receiving a lot of attention is biodiversity, and we're increasingly taking steps to understand what this means from an underwriting point of view. And on the social side of sustainability, we're looking at developing products and solutions to help our customers close insurance gaps within their own workforce.

What changes have you witnessed in this space since joining Zurich?

Over the past 18 months, the momentum and volume of requests and focus on sustainability has increased enormously. Companies and governments have made a lot of commitments, now we need to reach them. This is something we can only achieve together with our customers and groups like the Net-Zero Insurance Alliance. Each one of us can contribute so we continue to build momentum toward our targets.

What does your work for the Net-Zero Insurance Alliance involve and what hurdles are insurers facing?

Zurich is a founding member of the Net-Zero Insurance Alliance (NZIA). We've made a commitment to work together with our peers to develop a methodology to measure the carbon intensity of an underwriting portfolio, thus enabling insurers to independently set targets to bring it to net zero. It's challenging work.

How, for example, do you calculate carbon intensity associated with different types of insurance? Or take into account differences of market mix and customer mix among members of the NZIA? The other obstacle is making sure we have access to internal and external data on emissions and other metrics.

How does Zurich's membership in the Net-Zero Insurance Alliance impact customers?

We're committed to being transparent with customers about how we're going to set our targets and to understand their own transition plans. We support companies who are trying to transition to greener practices and show meaningful progress toward achieving these goals. Without insurance and the risk transfer solutions we offer, they can't transition. That's why it's more beneficial for our customers, and for society as a whole, if we engage with companies willing to make a transition to a low-carbon future, rather than simply walking away.

What do you like most about your job?

The vast range of discussions I have and that I get to work with great people who are experts in their field. At Zurich, everyone wants to share their knowledge and understand how sustainability impacts them. I learn something new every day and that's due to the commitment and dedication from colleagues within the organization who are helping embed sustainability into everything that we do.

“
We're committed to being transparent with customers.”

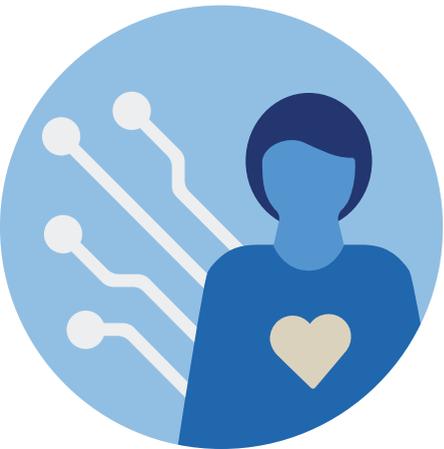
Gabrielle Durisch
Head of Sustainability, Commercial Insurance and Group Underwriting



Confidence in a digital society

Inspiring confidence in a digital society.

The acceleration of digitalization and adoption of new technology have created new opportunities – and new challenges. Zurich aims to become a leader in responsible handling of data and supports ethical use of technology.



Trust is the key driver for a sustainable digital future

At Zurich, we are committed to inspiring confidence in a digital society. That is why we launched our Data Commitment in 2019 with the promise to handle customer data in a secure and transparent fashion to best protect our customers. Since then, we have continued to focus on the development of solutions powered by artificial intelligence (AI) and invested in a resilient digital customer experience. This is in line with our customer promise to further optimize our propositions and services.

As gaining and maintaining customer trust is a top priority for Zurich, we have accelerated global efforts to deliver on our Data Commitment, with the aspiration to go beyond regulatory compliance. We remain committed to enhancing standards, processes, systems and controls across the organization to ensure an increased level of transparency in how we collect, use and share personal customer data. The analysis of the effectiveness, strength and robustness of processes and controls in place is used to calculate the Data Commitment transparency score in each country. For example, in Zurich's Europe, Middle East and Africa (EMEA) and North America (NA) regions, more than 90 percent of countries achieved the transparency score we aim for in 2021.¹ We also developed an internal framework to guide the responsible and ethical use of AI across the organization as a complement to our transparency to customers.

[Read more:](#)
Data Commitment and Privacy Protection

¹ The calculation of the score is based on self-assessment by reporting units, complemented by quality assurance reviews conducted at regional and Group level.

Enabling and inspiring confidence in a digital society will help strengthen the resilience of our customers and our employees.

Ethical use of data and artificial intelligence (AI)



Deliver on our Data Commitment and underpinning principles (Trust, Transparency, Fairness).

Field-testing of Zurich's AI Assurance Framework to provide for the responsible, trustworthy and ethical use of data and advanced technologies such as AI & Machine Learning across the organization.

Data protection and cyber security



Proactively embed 'privacy by design' and robust cyber and information security.

Protect and enable customers through cyber risk coverage, service ecosystem and education.

Business resilience and digitalization



Protect and recover critical services with our Business Resilience Framework.

Enable a data-driven, customer-focused digital enterprise.

Deliver a dynamic customer experience with product simplification and intelligent automation.



Inspiring action

Digital: the great enabler.

In the last two years, customer behavior and expectations have changed. Zurich has to anticipate customers' needs and provide innovative and hyper-personalized solutions. "To do that we must ensure our services are seamless through digital automation, are need-based through data insights, and are offered to customers in the right place at the right time through open platforms," says Group Chief Information and Digital Officer Ericson Chan.

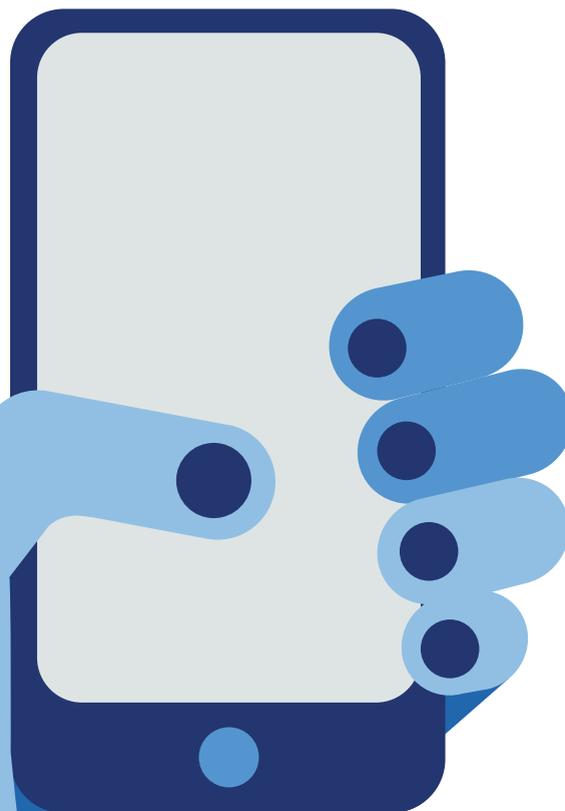
[Ericson Chan](#)
Group Chief Information and Digital Officer

Confidence in a digital society (continued)

With its Data Commitment to customers, Zurich promises to:

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

Zurich's Data Commitment pledges never to sell personal customer data nor to share personal data without being fully transparent. Such transparency implies that customers will be notified if their personal data is shared, and with whom. Any third party with whom Zurich does share personal data is bound by an enforceable contract, which sets out how such personal data can be used. This commitment reflects the objectives of Zurich's sustainability strategy to use data – including in the context of data analytics and artificial intelligence (AI) – in a responsible and trustworthy fashion, with the interests of the customer in mind. For example, data analytics insights enable Zurich to provide innovative services that help to prevent incidents, extending the traditional protection offered by insurance beyond risk transfer. This includes smart services for home protection, to improve health and wellbeing, as well as travel insurance that keeps customers out of harm's way.



How we're putting our commitment into action

In 2021, as a logical continuation of our Data Commitment, we initiated a comprehensive field-testing of our Artificial Intelligence (AI) Assurance Framework to guide the responsible and ethical use of AI across the organization in accordance with the key principles of fairness, transparency and accountability. Our use of AI is motivated by a broad spectrum of reasons, including to:

- (i) Better understand and anticipate our customers' needs.
- (ii) Develop innovative solutions that best protect and serve our customers.
- (iii) Enhance the efficiency of our business operations.
- (iv) Contribute to positive and sustainable societal outcomes, such as financial and social inclusion, affordability and fair treatment of vulnerable customers.

During 2021, Zurich implemented new AI and machine learning (ML) solutions across the value chain to offer new customer benefits in major markets, such as the UK, Germany, Switzerland, Japan and Australia. One key area includes the deployment of predictive models to better understand and manage risks, e.g., in the area of natural catastrophes (flood prevention, climate change).

Another key area includes machine learning techniques in order to serve our customers faster in claims and underwriting.

In many countries, we are engaging in conversational AI solutions by using chatbots to improve customer experience and increase operational efficiency, including faster claims settlement. In Japan, for example, chatbot services seamlessly collaborate with high-quality, customer self-service provided by MyPage.

Further examples include the launch of the end-to-end digital travel application Freely, in Australia, providing travel insurance cover in an easy, convenient, flexible, fast and secure fashion.

In the United Arab Emirates, we are deploying digital platforms to provide instant quotes with functionalities that enable a seamless end-to-end purchasing experience as well as a new customer portal to handle customer requests completely digitally.

Executing against our ambition enables a higher confidence in a digital society



Ethical use of data

- Global implementation of Data Commitment completed at 90 percent in EMEA and North America and at more than 70 percent across LATAM and APAC.¹
- Defined and started field testing of AI Assurance Framework based on key ethical principles of fairness, transparency and accountability.
- Establishing AI Ethics Committees at Group and local levels to provide a holistic and consistent view on ethical AI.



Data protection and cyber security

- Continuous improvement in own resilience through technology and assurance processes.
- Supporting customers by providing risk insights through educational material.
- A 10-year sponsorship of a research center on protection of privacy and cyber risk mitigation at ETH Zurich.



Business resilience and digitalization

- Risk consultancy services and access to cutting-edge security technology (Zurich Cyber Risk Engineering, Partnerships with CYE and ZenOpz).
- Cyber insurance has still to mature, which explains our cautious approach with respect to cyber insurance and the continuous updating of our pricing model.

¹ The calculation of the score is based on self-assessment by reporting units, complemented by quality assurance reviews conducted at regional and Group level.

Confidence in a digital society (continued) Building confidence in a digital society together



Case study

Data protection and cyber security – strengthening our capabilities

Zurich's data strategy relies on data and analytics solutions. We apply a proactive approach to cyber risks, which includes focusing on preventing cyber threats and protecting Zurich's data and information assets, while also supporting the requirements of our business. Zurich's Group Information Security function brings together subject matter experts to provide cyber threat intelligence, enhance response speed, reduce costs, and make best use of the skills and expertise of our specialists.

The continuation of the COVID-19 pandemic into 2021 has increased the risk of opportunistic cybercrimes. As a leading global insurer, Zurich's cyber security business has grown rapidly, in line with the cyber security insurance market worldwide.

The cyber security measures we apply in our own company serve as a blueprint for the solutions we provide to customers. We also work with regulatory bodies and agencies to protect the integrity of digital experiences, the Internet of Things, and other aspects of 'cyberspace' for society's benefit. We are also helping our customers mitigate cyber risk.

Cyber resilience – achieving a digital future for our customers

We have continued to respond to the cyber security needs of our customers through services that increase their cyber risk resilience. Through tailored services available from Zurich Resilience Solutions experts and unique collaboration with specialized providers, Zurich continues to enhance typical insurance coverage. Our customers can feel more secure by utilizing our curated 'pre-breach' mitigation services, as well as knowing that 'post-incident' response capabilities are also available.



I see our customers seeking a trusted solution provider for growing cyber risks, and they welcome Zurich's support at all phases of their cyber security journey.

David Shluger
Vice President, Cyber Risk Engineering



Our employees

We support our employees with learning the right skills to navigate an ever-evolving world of work – so they can help our customers do the same.

Inspiring action

Staying one step ahead.

NEXT is a global grassroots movement within Zurich that gives a voice to all our people through promoting intergenerational dialogue. Our goal is to give a voice to new generations to future-proof Zurich Insurance Group in its role as a service provider, employer, and corporate citizen.

 **Peter Everson**
One of the leaders of the NEXT movement at Zurich



Work sustainability

Preparing our people for the future.

Across generations and throughout the world, global trends are reshaping our personal and work lives, as well as the expectations of our customers. In this context, work sustainability is more important than ever before.



The context

The world of work is changing dramatically – and at a fast pace. The way we work in the future will be influenced by a number of technological, generational and social trends.¹ These include automation and digitalization, innovation and new ways of working, as well as changed customer behaviors and expectations. The COVID-19 pandemic has further accelerated these trends, making work sustainability more crucial than ever before. We are future-proofing our people and organization, supporting them in sustainably navigating the changing world of work and responding to evolving customer needs.

Our priorities

In 2019, we defined a set of work sustainability principles as a response to accelerating technological changes and increased uncertainty about the future of work. We want to support our people through these changes by building trust in the workplace and growing together. These principles include:

- Developing our employees for new job opportunities rather than hiring externally.
- Prioritizing our in-house local skills over outsourcing solutions.
- Offering career choices that match our employees' talents and ambitions and meet the market needs of today and the future.
- Rejecting unsustainable behavior, including seeking cheaper employment merely for financial gain.

How we're putting our principles into action

In 2021, we continued to embed our principles into the organization. We aim to be transparent about changing skill requirements and career development. We want to provide our employees with internal career opportunities to grow and seek new challenges to keep pace with growing demand for technological and digital skills.

We continued to build on the momentum achieved in 2020 to drive internal talent mobility via talent marketplaces launched in business units across the Group. One example is 'My70percent', through which employees can apply for part-time assignments in other areas of the organization and develop on-the-job experience. This program, launched by our Group Operations functions, continued to expand in 2021 and is now also available in other parts of the organization, such as Commercial Insurance.

In line with our work sustainability principles, another significant focus area is to create a culture of curiosity and learning within the organization. We want our people to seek opportunities to develop and grow their skills, whether this is through formal learning or on-the-job experiences. In 2021, we continued to expand targeted learning by launching an additional six technical academies as part of MyDevelopment, our global learning platform.

We are also looking at ways to further expand and strengthen our work-based learning programs, such as apprenticeships. One example is our work in Zurich Spain, where we are partnering with the Z Zurich Foundation², local universities, and other organizations in the insurance sector to provide a tailored curriculum and job opportunities to students through a vocational training program.

By building an internal pipeline and maintaining critical capabilities in-house through upskilling and reskilling, our people will be more focused and motivated to grow their careers with Zurich.

¹ Source: Gartner <https://www.gartner.com/en/human-resources/glossary/future-of-work>
² The Z Zurich Foundation is a Swiss-based charitable foundation funded by various members of the Group. It is the main vehicle by which Zurich delivers on its global community investment.

Work sustainability (continued)



Case study

Finding new ways to learn new skills

In Asia Pacific, we are undertaking several initiatives to enable employees to prioritize learning for upskilling and reskilling, for example, the 'drop everything and learn' program (DEAL).

Through DEAL, all employees are actively encouraged to schedule one hour every fortnight within their normal workday to develop their skills. This is done with the support of the senior leadership team and managers actively promote and encourage employees to prioritize learning.

Employees can access a wide variety of courses, including fun and purposeful activities, which interest and motivate employees to learn. The digital learning catalogue provides links to relevant learning sources, helping users navigate the array of content on Zurich's learning and development platform (MyDevelopment).

In 2021, we also launched 'MyGuru', a platform which enables employees to connect with each other and form mentoring partnerships. Mentors and mentees are matched based on common interests, skills and competencies to develop and learn through, and from, each other. So far, the program has more than 100 mentors and matches 97 percent of mentees to a 'guru'. The development and connection initiative has been well received by employees.

Inspiring action

Mind blowing.

MyGuru has allowed me to open my networks with a mentor outside my business unit and outside the life and investment team. It's great to gain knowledge, experience another point of view and discover how much I can learn by applying experiences from my mentor to my own day-to-day role. I'm looking forward to my future sessions.

→ **Alice Swain**
Underwriting Manager Australia



Yoko Hayashi
Assistant Manager,
Commercial
Insurance Japan

MyGuru has made it easier for me to connect to a mentor. Once I was matched, I was able to send a request to my mentor very easily. MyGuru also makes it possible to meet new people. The program offers peer-to-peer mentoring, which provides opportunities to share and learn from each other.

Work sustainability

Interview with Group Chief Transformation Officer

Q&A with Kathleen Savio



Wellbeing has taken on a greater significance than ever before.

Kathleen Savio
Group Chief Transformation Officer

As Group Chief Transformation Officer, Kathleen Savio is responsible for implementing HR strategies and services for the Group. In addition to driving purposeful, sustainable advancements in Zurich's culture and operating model, her team is accountable for the experience and wellbeing of some 56,000 Zurich employees globally.

How did working life develop in 2021?

We began introducing voluntary testing and vaccinations for employees at Zurich in 2021, bringing about a degree of freedom from the restrictions of 2020 and a clear shift to a more organized and less restrictive way of life. The workplace also opened up for a period in some countries. This enabled us to seek ways of creating a working environment in which employees could start to enjoy a routine within the 'new normal' framework of systematic sanitation, mask wearing and social distancing.

Employee wellbeing also took on a greater significance than ever before. It became woven into all our flexible working approaches so we could truly elevate and shape the human side of work. This included creating an employee resource group (ERG) to support our efforts specifically around wellbeing.

What is Zurich's approach to working from the office and working remotely?

We rolled out our first wave of the Zurich hybrid working model, which offers locally defined working arrangements for all employees in varying degrees across the Group.

The model is supported by a broad variety of working tools to enable productive collaboration and a sense of wellbeing, inclusion and belonging. This approach enriches our existing Flexwork@Zurich framework, which is based on looking at when, where and how work can be conducted for optimal results.

We believe the hybrid working model allows for a healthy, flexible working framework that reflects local business conditions and needs. It helps to redress the balance between home and office, combining remote working with office-based working days. We'll continue to build the experience of our colleagues around the world and the local context into our approach.

Looking further ahead, we're ready to embrace a brighter future by using our office space to create an office of the future. We envisage a workplace that allows colleagues and teams to re-engage and connect, even if things continue to remain uncertain in terms of office/remote working.

How is Zurich inspiring employees to take action to enhance their careers?

We're firmly focused on ensuring employees are ready for the future of work through our work sustainability pillar. Here, we're continuing to put thought leadership into practice: inspiring every employee to understand and develop the skills they need to have a career they love.

In 2021, we set the groundwork for an environment that's open, transparent and underpinned by our commitment to diversity, equity, inclusion and belonging. It's an environment that aims to help every employee to feel our people promise – 'let's grow together' – as something real and tangible.

Our learning and development portfolio offers an array of training opportunities, from 'snackable' to in-depth learning.

Apprenticeships or initiatives such as 'My70percent' offer on-the-job training, while for upskilling and reskilling we provide a growing number of internal technical academies backed by leading universities, think tanks and leading providers such as LinkedIn.

But we're not just focused on formal training. We encourage discretionary learning through participation in our employee resource groups. At our corporate center, our NextGen internship/activist program is devoted to bridging knowledge gaps across generations, while innovation group Make the Difference, draws out the best thinking and ideas from all employees across the Group.

Why is it important to have an employee brand?

Our values of optimism and togetherness are at the heart of everything we do. These are more than just words – they're delivered through actions we take throughout an employee's experience at Zurich.

This is reinforced by our employer branding, which we launched in 2021. Through it, we're challenging ourselves to bring to life and answer the question 'What can go right?' It's a question that guides us to deliver a positive employee experience, which, in turn, creates the positive experience our customers need. It enables us to grow, innovate and succeed together.

What motivates you?

Starting each morning off by asking: "What's one thing I can do today to add value and help transform Zurich into an even better place for our people?"

Our promise to employees

Let's grow together.

At Zurich, we want our business to grow and develop together with our employees to create a brighter future. This is encapsulated in our employee promise 'let's grow together'.

Developed in collaboration with our employees, 'let's grow together' is an important part of who we are. It calls on all of us to play an active role in embracing future challenges and opportunities and supporting lifelong learning and growth.

We are delivering on this promise when it counts – at five key 'moments that matter' identified by our employees as having the most significant impact on their experience at Zurich.

[Read more:](#)
What we stand for



Our employee promise
We see our employee value proposition as a tree:

Roots
The tree is strongly grounded and rooted in our company's purpose, behaviors and values.

Trunk
The trunk is our base and connects everything we do with our purpose. It captures our overarching people promise: 'let's grow together'.

Branches
Each branch represents our five moments that matter.

Leaves
The leaves represent the essential touch points that Zurich employees have told us are important to them during moments that matter.

The five key moments that matter

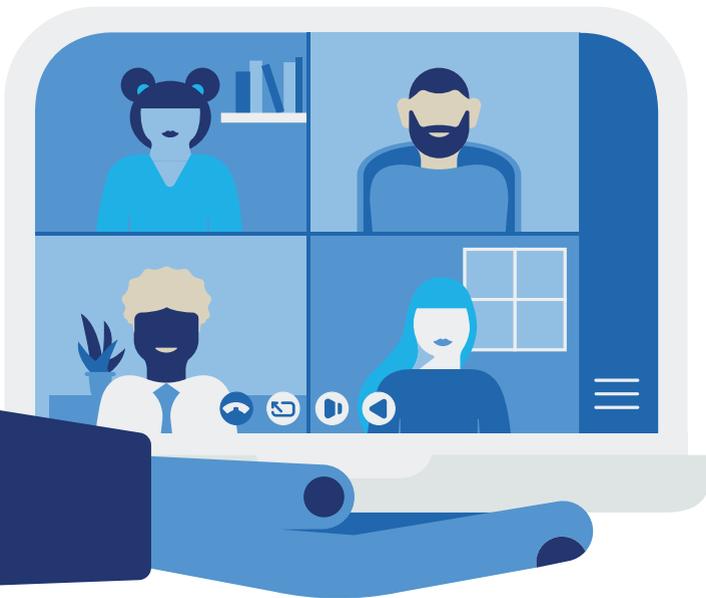
Moments that matter are aspects of a person's working life that have a significant influence on their experience with Zurich. We have identified goals for each:

- 1 My first year**
We aim to support employees, be it in their first year with our organization or their first year in a new role, by feeling welcomed, included, and inspired as part of a diverse team of talented people who want to grow and create a brighter future together.
- 2 My growth**
We aim to give employees career choices that match their talents and ambitions, and meet the market needs of today and tomorrow. This includes providing guidance, support, and encouragement to build skillsets as careers evolve.
- 3 My contribution**
We reward employees for their good work and behaviors, for positively impacting one another, customers, communities, and sustainability, supported by continuous conversations and regular feedback.
- 4 My wellbeing**
We strive to provide a safe working environment that supports health and wellbeing. This includes offering a broad range of health and wellbeing services in support of physical, emotional, financial, and social wellbeing.
- 5 My work environment**
We focus on providing inclusive and flexible options to our employees so they can thrive and do their best work. This includes offering flexible work options along with the technology, tools and workspaces to facilitate collaboration with colleagues.

Diversity, Equity, Inclusion and Belonging

Our heart and soul.

Our people are the heart and soul of Zurich and are an integral part of our purpose to create a brighter future together. This is a future where our voices are diverse, our behaviors are inclusive, our actions drive equity, and our people feel a sense of belonging.



Our varied skills, perspectives and experiences drive innovation and reflect the breadth and diversity of our customers, suppliers, communities and investors around the world.

Creating a workplace where people thrive and everyone is treated as equally important is not just the right thing to do, it helps us succeed as an organization.

Our approach

At Zurich, we devote time, capital and management attention to integrate Diversity, Equity, Inclusion and Belonging (DEIB) into everything that Zurich does and every decision that its leaders make.

Zurich continuously develops policies, practices and ways of working that support equal employment opportunities. While we have key areas of focus at a global level, the regions and countries are also flexible to target and address specific issues that are unique to them.

Key initiatives

Our goal in 2021 was to enhance the impact of our efforts by more closely aligning Zurich's strategy and purpose with an integrated and systematic approach to DEIB.

We have achieved this through:

- Introducing global guidelines for our hybrid working model (used across industries to refer to a mix of office/remote working) to reinforce DEIB practices and maintain an inclusive work environment.
- Ensuring a culture of global collaboration through shaping a common agenda on DEIB across functions and markets; supporting our employee resource groups (ERGs), employee-led associations which provide personal and professional support and opportunities for networking.

[Read more: DEIB](#)

- Establishing Zurich as a global employer of choice through external certifications and recognitions e.g., EDGE, Stonewall, Bloomberg and Forbes.
- Introducing standardized metrics to monitor our DEIB efforts and our progress.
- Demonstrating our global commitment to DEIB by joining, for example: Valuable 500, a global business collective of 500 CEOs and their companies that innovate together for disability inclusion; the UN Women's Empowerment Principles; and the UN LGBTI standards.

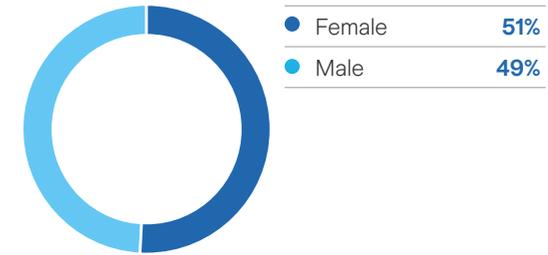
[Read more: UN Free & Equal](#)

Our performance

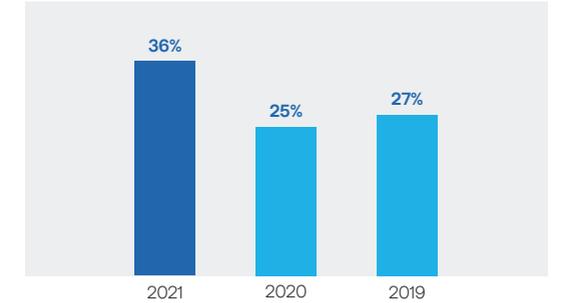
Gender diversity

Female representation in senior leadership increased in 2021

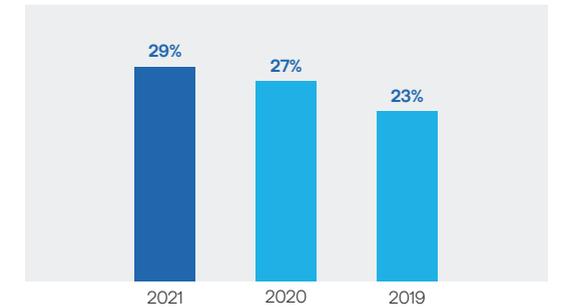
Employees by gender



Executive Committee female representation

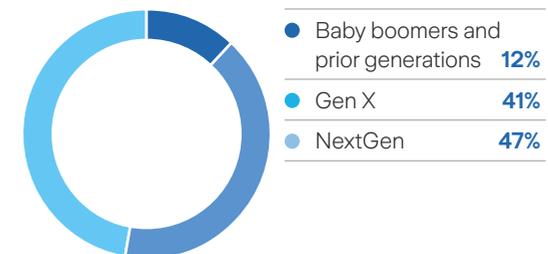


Female participation in leadership team



Our organizational footprint

Generations



Nationalities



Diversity, Equity, Inclusion and Belonging (continued)



Case study

Top award for gender equality

Zurich Spain achieved a top-level external certification for its gender equality practices, becoming the first organization in the country to gain such recognition. Issued by EDGE (Economic Dividends for Gender Equality), the award is globally recognized for evaluating true gender equality practices within the business world, focusing on pay, recruitment and promotion, leadership development training and mentors, flexible work and company culture. The LEAD level is the highest certification awarded by EDGE, and Zurich Spain is one of three Zurich business units worldwide to achieve such a standard.

This recognition follows years of implementing diversity practices in Zurich Spain including monitoring and evaluating the pay gap and linking all talent management practices to gender. Our progress is evident in the figures:

- Fifty-four percent of new hires since 2019 were women and promotion levels are at the same percentage for men and women.
- In the EDGE survey, 89 percent of our people said the organization's management shows a firm commitment to equity and gender equality.
- Eighty-four percent of respondents said having a career and family are very compatible in our organization and that they feel fairly paid.

[Read more: DEIB](#)



Case study

Paid gender affirmation leave in Australia and New Zealand

Zurich Australia and New Zealand took a further step this year toward a more diverse and inclusive workplace through the launch of their new Gender Affirmation Policy. If transgender and gender-diverse team members choose to affirm their gender identity socially and/or physically, the policy provides them with:

- Four weeks paid leave
- Up to 12 months unpaid leave
- Support services.

The policy recognizes that every individual's experience of gender affirmation is unique, and this is reflected in the flexibility of the leave and range of support provided to the individual.



What's next

Zurich will continue to prioritize inclusion and work to create more adaptive and effective teams to address the global challenges of the future.

We have three key aims, which are centered around our culture, our people and our customers:

Our culture

To create an inclusive work environment where employees thrive, talents are nurtured and every individual feels valued and respected.

Our people

A zero-tolerance approach to harassment, discrimination, bullying and disrespectful behavior in the workplace.

Our customer focus

Value the individuality of each customer by enabling people to experience solutions that add value for them and their life.

These aims are underpinned by the following structures:

- A Diversity, Equity, Inclusion and Belonging (DEIB) community to facilitate global collaboration and progress the DEIB agenda.
- Group principles, standards and measurements.
- Infrastructure and development to drive business ownership.

Employee resource groups (ERGs) continue to play a pivotal role in developing our diversity, equity, inclusion and belonging strategy as we continue to expand our focus and agenda. ERGs are employee-led associations that provide networking opportunities and personal and professional support. Our ERGs also help Zurich better understand the challenges our employees, customers and communities face.

Inspiring action

Making a comeback.

'Returnships' offer qualified women a way to return to work after a career break, and are just one example of how Zurich is attracting and hiring diverse talent. "It's a win-win situation for participants and the company," says Gabriela Reynolds, who joined Zurich via a returnship following a two-year hiatus from her job as a lawyer.

Gabriela Reynolds
Group HR Program Manager



Nurturing talent

Nurturing talent.

To provide the best services for our customers, we need top talent. Zurich focuses on sourcing, developing and keeping the best in the business.



Our approach

At Zurich, our talented employees are critical to our success. Talent management is how we anticipate and meet our human capital needs through consistently planning, assessing, developing and retaining talented people.

When assessing talent, we look at two dimensions: performance and potential. While performance focuses on sustained performance contribution in the past, potential looks at the individual's ability to learn, aspiration to grow in their career and growth mindset.

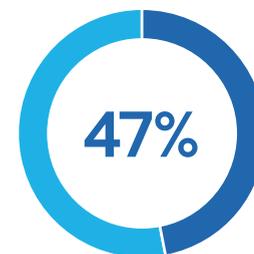
Our high-potential, talented individuals who display the ability and agility required to assume bigger challenges at high speed are called Acceleration Talent. Dedicated programs support their accelerated development.

Key initiatives

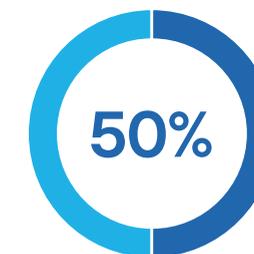
Proactive talent planning and sourcing

- We have successfully embedded an annual, strategic talent review approach across the company to focus on succession management.
- In 2021, we successfully completed strategic hires to boost capabilities for newly created leadership roles in the technology area. This resulted in an overall 50 percent split between internal and external hires.
- For candidates hired externally, we have been successful in bringing in more external perspectives to Zurich's leadership team by hiring people from industries, such as the pharmaceutical, fast-moving consumer goods and retail industries.
- Through an active talent management approach and building internal recruitment sourcing capabilities, we have significantly reduced the amount we spend on external search providers.

Our performance



47 percent of our external hires into the global leadership team have been hired from outside the insurance industry, accelerating our transformation in the digital and technological area.



50 percent of our global leadership appointments in 2021 have been internal, highlighting the strength of our succession plans and our commitment to providing internal growth opportunities.

Customized career development and deployment

- In 2021, we launched the Brighter Future Together Leadership Team Program which focuses on building digital leadership, customer leadership, people leadership and enterprise leadership and connectivity for our top 115 leaders.
- Country CEO Assessment Centers across the globe have resulted in the accelerated development of leaders through real-life scenarios and fact-based, objective feedback.
- In addition to the development programs mentioned above, we have continued our dedicated career mentoring and sponsoring programs to accelerate development of high-potential talent and to facilitate movement of employees across functions and regions.

Active measurement of talent management

- In 2017 and 2020, we applied McKinsey's organization health index (OHI) survey to gain a better understanding of the company's leadership capability and talent development practices, relative to Group strategy. It enables our leaders to measure our organizational health compared to our peers.
- In addition, our Group-wide employee net promoter score (ENPS) surveys provide us with the pulse of our workforce on a regular basis. Results of both surveys inform our evolving talent management strategy and key focus areas.

Nurturing talent (continued)



Case study

Brighter future together: focusing on our customers across Zurich

We rolled out the virtual 'Brighter Future Together' program to 115 members of the global leadership team who are, step by step, sharing their professional knowledge and experience with regional leadership teams. Furthermore, we are currently disseminating this knowledge to the entire organization by building a repository of e-learnings about a variety of topics, including digital, customer, people and enterprise leadership. We have made recordings of the virtual leadership team sessions available to all employees in order to support skills development across the organization.

Some positive comments from the Europe, Middle East and Africa participants include:



I'll be thinking how I can reach out proactively to our customers in ways that add value to them.



My eyes have been opened to look more broadly for development opportunities.



These are great sessions: they're all about integrating our purpose into our strategy and creating a brighter future together.

Katja Roth Pellanda
Group General Counsel

What's next

To have the right skills to meet customer needs, we are refreshing our approach to skills-based talent management.

We are helping our people take an optimistic view of the future. Employees are empowered to take charge of their careers so they can be at their best and do their best work by:

- Understanding the wide range of skills they possess and the skills they need for future success.
- Receiving targeted learning so they can build their skillset.
- Benefiting from skill sharing with others to develop and grow.
- Accessing project work to share or build their skills.

In addition, business areas will be able to easily find employees with the skills they need while actively developing missing skills for future success through target learning and skill sharing. They can rapidly react to changing needs and move talent to where it is needed in a more systematic and agile manner.

To make this happen we are taking a three-pronged approach:

1. Developing a globally consistent skills framework that is regularly updated and implemented across all functions, countries, and people experiences.
2. Introducing consistent and transparent reward and career levels.
3. Launching a platform for skill assessments, career planning and growth opportunities that will provide access to relevant skills and career information and also support better career conversations.

Learning & development

Learning that lasts a lifetime.

At Zurich, we believe in lifelong learning. That's why we encourage all our people to learn something new, whether that's developing technical skills, discovering hidden talents or gaining on-the-job experience.

Our 2021 performance

23 Average MyDevelopment learning hours per employee ¹	49,917 Individuals actively learning on MyDevelopment globally ²
54% LinkedIn Learning activation rate	0.6 million Hours spent by our employees on MyDevelopment
152,750 LinkedIn Learning courses accessed	2,297 Internally built courses accessed by our employees on functional and cross-functional topics as well as content from external providers such as LinkedIn Learning
1,159,528 LinkedIn Learning videos watched	



Our approach

Zurich develops talent in-house rather than hiring externally as well as offering career choices that match talent and ambitions with market needs. We want to create a learning organization with a workforce that understands the need to build new skills and is energized and empowered to do so.

Furthermore, in the context of COVID-19, Zurich has introduced a hybrid working model where employees work partly from the office and partly from home. The importance of digital learning and development has increased in importance as a result and it remains an area of focus.



Key initiatives

Offering the right development opportunities is key to making our workforce fit for the future. We continued building technical 'academies' (virtual learning centers) with Zurich's businesses on MyDevelopment – our digital learning experience platform.

Effective people managers are another critical factor in the development and retention of our people.

We encourage all countries and functions to roll out and cascade a pre-defined people manager goal based on our global 'manager success profile', which describes the baseline expectations of Zurich managers.

Furthermore, we run manager forums (co-hosted by HR and business leaders) for performance and development topics in Zurich North America and Corporate Center. They are designed to upskill our managers on relevant topics, build a strong network among peers for support and allow us to get to know our managers, as well as hear about their challenges, firsthand.

Our Technology and Operations unit, comprising approximately 2,100 employees, joined Coursera to build skills with courses and degrees online from world-class universities and companies. In the first three months after joining, 575 employees (27 percent) enrolled in courses, 2,655 lessons were taken, and 181 certifications gained.

¹ Reporting excludes Bolivia, Covermore, Chile sales force, Germany and Farmers Management employees. 'Employee' refers to both full-time and part-time employees.
² Reporting includes external users (e.g., agents).

Learning & development (continued)



Case study

Creating a mindset of change across Zurich

As a truly customer-centric company, we have created the Zurich Customer Academy to support our employees' continuous development enabling them to meet evolving customer needs. This online learning platform provides employees across all departments and geographies with learning and experiences to further develop their customer capabilities and adopt new ways of thinking and working. More than 200 learning courses spanning 27 topics have been delivered through a mixture of guided and bite-sized learning, internal and external certification programs, and even live sessions. We have achieved close to 15,000 registrations from all parts of the Group since the platform launched in November 2020.

One of our most exciting achievements thus far, facilitated by live sessions, is the creation of an internal movement to introduce rapid experimentation to the development process of new products and services. Participants from across the globe have generated more than 30 experiments, which have brought about tangible change to how the company operates. Several of these experiments are now being scaled across the business units and most importantly, they have impacted both customers and employees in a positive and meaningful way. In response to popular demand we are offering a new series of live sessions – Growth Camp, a joint initiative among various customer-facing and support functions.



Inspiring action

Leading by example.

Since joining Zurich Malaysia's communications team in 2020, Samantha Chow has immersed herself in climate, sustainability, and wellbeing campaigns. She appreciates Zurich's culture where employees are empowered to make an impact. "It's no good just preaching about something," says Samantha. "You've got to be prepared to get your hands dirty. The best way to inspire people to take action is by doing it yourself first and setting a good example."



Samantha Chow
Brand Marketing and Communications,
Zurich Malaysia



What's next

Skills building remains a major focus area in line with our work sustainability pillar. We will build on our updated skills framework and job models to roll out an integrated systems solution. This will give our people transparency and the tools they require to define their ideal career: fitting individual aspirations with skills, and moving from plans to action. As an organization, we have the know-how to build their skills at scale and speed.

The number of technical academies will continue to grow and evolve. For example, our businesses plan to develop mastery programs for skills in high demand in the areas of customers, innovation, and digital.

People manager development remains the other key priority. As such, we plan to:

- Design and roll out virtual internal assessment centers for candidates of people manager roles to be able to build a stronger talent pipeline for the future.
- Ask existing people managers in 2022 to add a specific management performance goal reflecting our increasing expectations of them while ensuring they get credit for this important responsibility.
- A revised version of our manager upward feedback survey is now available, including a manager net promoter score question.
- Globally scale the successful format of our quarterly 'manager forums': interactive and practical virtual sessions, focusing on core manager responsibilities and jointly led by a senior leader and Human Resources.

Health & safety in the workplace

Protecting people.

The health and safety of our employees is of paramount importance. With the temporary easing of some COVID-19 restrictions in 2021, we developed protocols for a safe return to the office.



“
Without vaccination, there can be no solution to this pandemic.”

Mario Greco
Group Chief Executive Officer

Our approach

We want to provide a safe working environment for all employees, protect people on the job, and support their health and wellbeing. We do this through formal procedures and guidelines that identify minimum requirements for managing health and safety across the Group.

Key initiatives

Activities in 2021 continued to be dominated by the COVID-19 pandemic and the ongoing need to protect the safety and wellbeing of our employees while continuing to deliver to our customers. The environment was constantly changing both within countries and across geographies, and thus the business had to continually adapt to these challenges.

Working from home remained a reality for many employees throughout much of the year. We adopted a conservative and cautionary approach to returning to the office as the rollout of national vaccination programs and easing of restrictions allowed a gradual transition back to the office in some locations as the year progressed. Health and safety protocols for returning to the office and for customer-facing visits were implemented in accordance with national guidelines. These covered areas such as workplace health screening, physical distancing, improved office ventilation and mask wearing.

Global business travel restrictions remained in place throughout the year with limited exceptions.

We recognized that vaccination was the key step in minimizing the risk of COVID-19 transmission and finding a solution to the pandemic. We encouraged employees to be vaccinated, and in those countries where the vaccination was not provided free of charge, or where a service cost was applied, we reimbursed the cost in full. We set up our own publicly accessible vaccination center in Switzerland in collaboration with our in-house medical services provider and made this accessible to employees, family members, friends and suppliers free of charge. The service was also available to all Swiss residents.

Health & safety in the workplace (continued)

We required employees, visitors and suppliers to show a COVID-19 certificate when entering our corporate headquarters in Switzerland. Zurich North America implemented a similar requirement using a third-party vendor app that enables individuals to quickly upload their vaccination credentials or test results.

Free flu vaccinations were offered to employees in many countries to protect personal health and help reduce pressure on local health services whilst COVID-19 cases remained prevalent.

The evolving nature of the pandemic and its duration has been challenging and stressful for some employees, and we have continued to support them in staying connected, healthy and safe by providing access to wellbeing information, resources and practical advice and support.

The pandemic has changed the way that we work across the globe and has presented us with an opportunity to create a healthier and more resilient organization through the adoption of our hybrid working model.

This hybrid working model enables:

- More flexible and innovative working practices.
- Empowerment of teams.
- Increased simplicity and quicker decision-making.

To support our new hybrid working model, eight group principles were developed to promote and support these new ways of working, as a core part of our employee promise.

Guiding principles:

1. Our customers and results come first.
2. We apply hybrid working wherever we can.
3. We match location to type of work.
4. We encourage regular teamwork in the office.
5. We make the best use of physical space throughout the week.
6. Remote work is linked to our geographical base.
7. We have minimum 'work from home' standards to meet safety and security.
8. We will provide training to benefit from supporting tools and technology.

Our performance

We continued to track and monitor the number of confirmed cases, hospitalizations and fatalities across each region so we could make informed decisions about returning to the office and monitor the direct impact on employees.

Where circumstances allowed, we successfully managed a safe and healthy return to the office to reconnect with colleagues in person, while continuing to support those employees that were required or chose to work remotely.



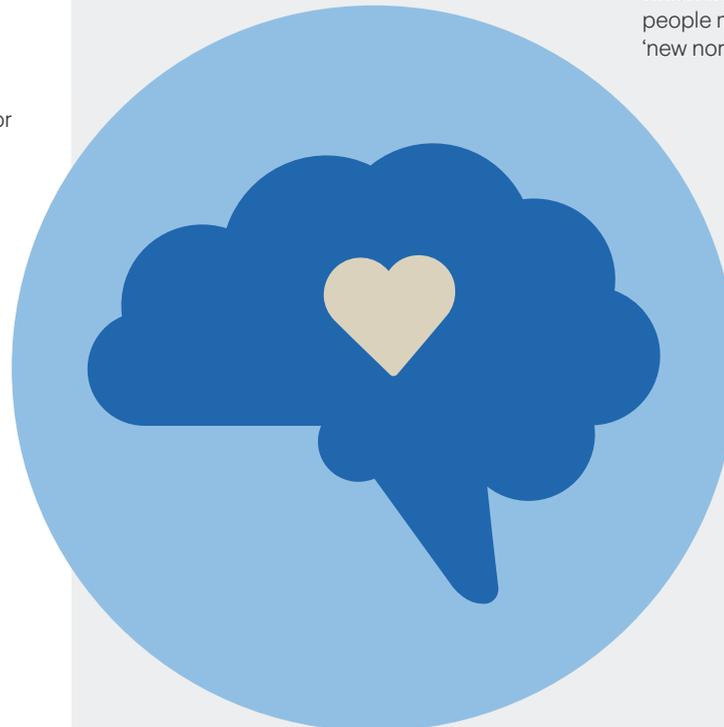
Case study

Actions taken

The actions taken to provide and maintain safe and healthy working environments for our colleagues throughout the year included the following:

- Zurich Italy made psychological support available for employees and their families to support their mental wellbeing related to the COVID-19 crisis, family or work issues, stress and anxiety.
- Zurich International created an online toolkit to support wellbeing, including practical information and resources during the COVID-19 pandemic and beyond.

- Zurich UK introduced seasonal wellbeing campaigns to support colleagues on the latest challenges posed by the pandemic, e.g., burnout, virtual fatigue.
- Zurich France organized a virtual conference on avoiding back pain, e.g., about poor posture, stretching, exercise.
- Zurich LATAM developed a security and safety awareness program including home safety sessions to protect employees and their families.
- Zurich North America documented their health and safety protocols within a 'Transitioning Back to the Workplace Playbook' for employees.
- Zurich Australia and New Zealand developed a virtual workshop on leading hybrid teams, which was leveraged in other regions to support people managers with managing teams in the 'new normal'.



What's next

We will continue to monitor COVID-19 metrics and trends carefully, including national and local guidance related to health and safety protocols. While we cannot say that the pandemic is fully behind us, we are looking toward the future with more optimism, and we will gradually transition to our new hybrid working model across the business as the situation allows.

Employee wellbeing

We care about wellbeing.

We want our people to feel healthy, happy and motivated. That's why we've made wellbeing in the workplace a priority.

Our approach

Zurich provides an energizing and motivating work environment, where employees feel they can thrive, develop their talents and feel valued, and a balance between work and life is achievable.

Our global employee wellbeing framework provides employees with the tools and resources needed to help them stay healthy and empowered across the following key areas: mental, physical, social and financial wellbeing.

Key initiatives

Long before the pandemic, we identified a number of workplace and work environment challenges that are impacting employees' wellbeing. These stem, in part, from the digital transformation of the workplace (increased connectivity, the need for new skills, a faster work pace) in addition to other societal developments, including increasing job instability and a challenging political landscape.

Therefore, Zurich developed a global wellbeing toolkit, focused on interventions that provide individuals with the awareness and tools to take action to improve their own wellness. It is a holistic framework that is applied across the Group with global direction and local implementation to meet the needs of our people.

Collaboration is key and bringing the community together through monthly meetings, newsletters and internal social networking facilitates the sharing of ideas. Our global wellbeing learning channel offers employees resources and practical tips on how to stay connected, take control of their careers and be healthy.

Zurich offers both global and local benefits to increase and maintain wellbeing e.g., employee assistance programs (EAP), hospitalization benefit and access to LiveWell, a digital wellbeing app.

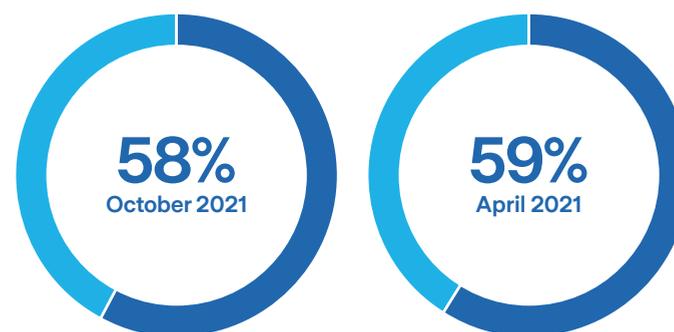
Delivering wellbeing, health and safety priorities for our employees, customers, communities and families remains an essential part of Zurich's culture and expresses our commitment and engagement to all stakeholders.

Our performance

Wellbeing was measured for the first time in 2021 through our employee listening survey – the employee net promoter score (ENPS). Including a dedicated question in the survey and the option to provide comments has enabled us to continue to focus attention on wellbeing.

Employee wellbeing at Zurich

Across both waves of the survey in 2021, the results were consistent, with almost 60 percent of the respondents providing a score of nine or 10 on a scale from zero to 10.



Case study

'You Matter'

On World Mental Health Day in October 2021, we launched 'You Matter', our global wellbeing employee resource group sponsored by Laurence Maurice, CEO Latin America. The group focuses on the four dimensions of wellbeing – emotional, social, physical and financial.

Voluntary and employee-led, 'You Matter' is a movement to change attitudes and behaviors related to wellbeing. It has a mission to foster a workplace culture that supports anyone's desire to make healthy lifestyle choices and to maintain and improve employee wellbeing globally at Zurich.

As such, it aims to help put resilience, health, safety and employee wellbeing at the heart of Zurich's strategy to be one of the most responsible and impactful businesses in the world.

'You Matter' is engaging with other employee-led wellbeing groups across the globe to establish a platform for collaboration and showcasing the great work that is already being done. For countries who are just embarking on their wellbeing journey, 'You Matter' is there to help them get started.

'You Matter' has a mission to foster a workplace culture that supports anyone's desire to make healthy lifestyle choices where employees excel, businesses thrive, wellbeing is promoted, and health and safety friendly policies are in place to maintain and improve employee wellbeing globally at Zurich.

What's next

The development of our Well@Work program provides global direction, while also empowering local action, to provide an energizing and motivating work environment in which employees feel they can thrive and maintain a healthy work/life balance.

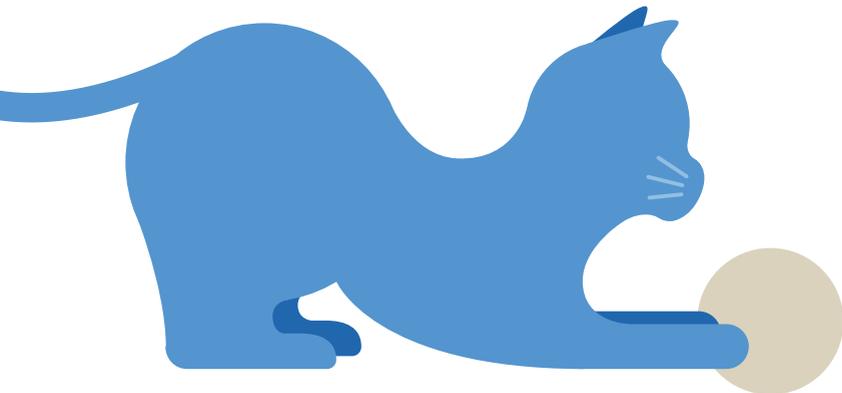
The program will underpin our global wellbeing framework and will be supported by global sponsors to champion and drive the tone from the top.

The program will define a global wellbeing approach backed by global principles, measures and resources to provide regions and countries with the flexibility and support they need.

Employee engagement

We listen, then we act.

We value employee feedback and use the employee net promoter system (ENPS) to ensure every voice counts.



Our approach

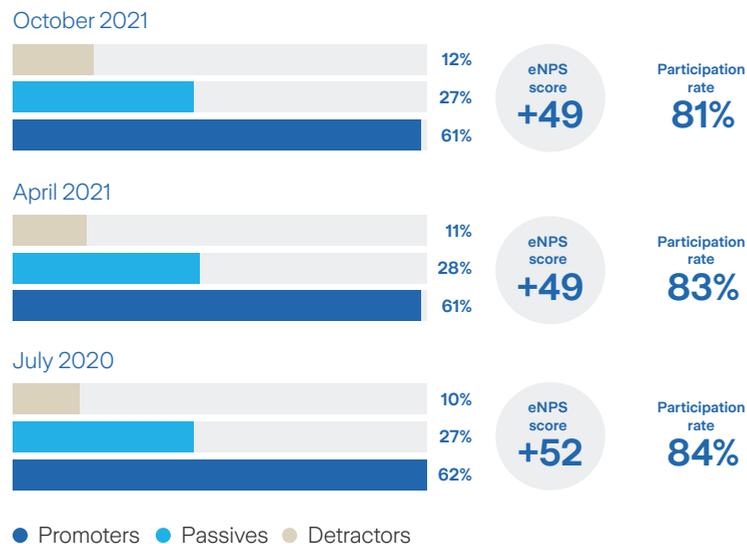
At Zurich, we proactively ask for employee feedback and act upon it. The employee net promoter system (ENPS) score helps to measure overall employee experience through two standard questions. The first question asks about the likelihood to recommend the company as a place to work to gauge employee engagement and retention. The second question asks about the likelihood to recommend the company's products and services to provide deeper insight into employee advocacy. The score serves as an overall indicator and we focus on understanding feedback and taking appropriate actions at global and local levels.

Key initiatives

In 2021, we continued our 'You said...We listened' campaign to link employee feedback directly to actions we have taken to provide positive employee experiences. We asked employees how well Zurich supports wellbeing, as well as asking for feedback on working at Zurich and support provided during the COVID-19 pandemic. The response was positive, with almost 60 percent of respondents providing a score of nine or 10 on the wellbeing question, on a scale of zero to 10. For the questions related to support during COVID-19, 75 percent of employees gave a score of nine or 10.

Our performance

Employee net promoter scores



Case study

Germany: a blueprint for improving employee satisfaction

As we reflect on our employee net promoter system (ENPS) score results and continue planning actions, Germany stands out as a model. Germany's leadership team achieved the lowest overall score on the ENPS survey out of the whole Group in 2017, with an ENPS of -62. It was a turning point for the team. Together with the newly appointed Head of HR Uwe Schöpe, the new Germany CEO Carsten Schildknecht set out an ambitious plan to improve their score to +25 points and enable the German business to get back on track.

The plan outlined three clear steps:

- Ensure strategic orientation is consistently and authentically led by the leadership team, with hands-on engagement from all business leaders.
- Involve employees in co-creating the strategy and in the development of decision-making as part of the strategy building process.
- With the support of employees, shape new attitudes and develop a code of conduct regarding leadership to achieve a cultural shift using authentic and transparent communication.

Fast-forward to 2021: Zurich Germany's employee satisfaction score jumped 122 points to +60, compared with the 2017 score.

"With that score of +60 we've shown that anything is achievable: you just need to keep things clear, simple and be authentic," says Schöpe. "This strategy enabled us to win the hearts and minds of our team in Germany. What followed was cultural transformation."

Schöpe recognizes the importance of regular conversations with the works council and the first cohort of employees, who in 2018 helped to create a six-point leadership model and share the strategy with colleagues. These employees explained that strategy and culture had to be based on leadership, trust in people and recognition, establishing these elements as a benchmark for testing the new strategy.

In 2022, the team in Germany is aiming to continue to listen to what employees have to say and demonstrate authentic leadership. In this way, they seek to build a stable working environment to which everyone can contribute.

What's next

We aim to provide more ways for employees to give feedback as we continue to listen and act. In this way, we can provide a more personalized and diverse experience to our employees, in line with our employee value proposition.

Next generation employment

Nurturing new talent.

Millennials and Generation Z are the business leaders and customers of tomorrow. By offering on-the-job training, networking and mentoring to junior professionals, Zurich is helping new talent carve out their own career paths, from the classroom to the boardroom.



Our approach

The Next Generation Talent Strategy for millennials and Gen-Z

Since 2016, Zurich has made more than 5,000 new hires of next generation talent via apprenticeships, internships and other outreach opportunities, and this number is expected to grow in the future. While Zurich continues to support hiring of all generational groups as part of our Talent Strategy, Zurich has taken concrete steps to attract the millennial and Generation Z cohort to ensure they are included in the talent pipeline.

Launched in 2020, the NextGen Talent Strategy at Zurich aims to attract and retain next generation talent. It seeks to do this by enriching the experiences of all candidates and employees: from their first interactions with Zurich to providing dedicated training for the leadership roles of tomorrow.

Key objectives of the NextGen Talent Strategy:

1. Establish and strengthen partnerships with key centers of education across the globe.
2. Refine our employer value proposition and employer brand for next generation talent.
3. Represent Zurich at key events, leveraging local business unit representatives.
4. Provide an outstanding candidate experience.

Key initiatives

NextGen Internship Program at Corporate Center

Launched in early April 2021, the program aims to help next generation talent develop a wide set of skills and competencies that are applicable to Zurich, globally.

Interns in the program enjoy a wide range of experiences, such as meeting and presenting to senior leaders, e-learning courses, career-planning initiatives and networking events. NextGen talent also has the opportunity to rotate into another function and they are supported by a buddy, who assists them throughout their journey.



Case study

Apprentice Buddy Program

The goal of this three-month program is to encourage apprentices to connect and collaborate with peers across Europe, giving them a flavor of the international footprint of Zurich. Participants are matched with a buddy, with whom they can exchange ideas and experiences.



David Geis (left) and Yannick Lorenz (right) Apprentices (Junior Talent) in Zurich Germany

Participants got to know each other by setting up bi-weekly meetings. Later, the pairs started brainstorming on initiatives to tackle topics such as company culture, the impact of COVID-19, and work-life balance.

We'll roll out the Apprentice Buddy Program on a wider scale in 2022, with the aim of expanding it to all Zurich's regions and countries.

97%
of participants would recommend the Apprentice Buddy Program to others

Next generation employment (continued)



Case study

Building a career at Zurich: internships

At Zurich, we strive to be an innovative insurer that offers next generation talent a range of opportunities for career growth.

Zurich's internships provide a window into what day-to-day working for a global insurer is really like. Our interns have the opportunity to work with international, diverse and inclusive teams, helping them to build a professional network and have the best possible experience.

In addition, interns receive access to training during their time with Zurich, giving them the chance to develop valuable skills, explore their passions and make a positive impact beyond their role.

From application to onboarding, we support interns every step of the way to help them to grow and thrive at Zurich.



Pedro Belmans
Intern (Junior Talent)
in Zurich Germany

What started as a job listing on LinkedIn, was the beginning of a real adventure.

Everyone – from the IT department to the other Zurich employees I met during my first day – made me feel very welcome and part of a purpose-driven organization.

I've now experienced my first two weeks at Zurich and can honestly say I feel privileged to be part of the Zurich team.

Inspiring action

Poised for the future.

It's predicted that millennials and Generation Z will make up the majority of the global workforce by 2025. Our Next Generation Talent Strategy aims to win millennial and Generation Z talent as employees and provide them with meaningful career and development opportunities.



Kathrin Choffat
Global Head of Talent Acquisition & Management



Our partners

When we work together, we achieve more. Zurich establishes partnerships for the benefit of its stakeholders and in line with its ambition to be one of the most responsible and impactful businesses in the world.

Inspiring action

Working together.

At the nursery of Brazilian non-profit Instituto Terra, Weverton Rodrigues da Silva and his crew replant upwards of 5,000 seedlings a day during rainy season, when conditions are good. Their work requires love and patience. It also requires working with private partners like Zurich. Together, we plan to restore the natural density of the forest canopy across 600 hectares for the Zurich Forest Project.

↩ **Weverton Rodrigues da Silva**
Head of the Nursery, Instituto Terra



Our sustainable sourcing program

Sourcing sustainably.

We want to ensure that sustainability is an integral part of our sourcing and procurement activities. That extends to the products and services we purchase, contractual agreements we enter, and partners we work with.

Our approach

Embedding sustainability into our supply chain

In June 2021, we launched a Supplier Code of Conduct¹ which sets out clear environmental, social and ethical expectations for our suppliers, globally. The supplier expectations are based upon practices that we have already adopted within our own operations. By establishing this as a benchmark for our suppliers, we aim to use our influence as a significant buyer of goods and services to help accelerate the global adoption of sustainable business practices.

Our Procurement and Vendor Management teams are engaging with suppliers on the expectations of our Supplier Code of Conduct. As a first step, we ask existing and potential suppliers to complete a self-assessment to rate their performance.

¹ Zurich's Supplier Code of Conduct is available to download as a PDF here: <https://www.zurich.com/en/sustainability/governance-and-policies/sustainable-sourcing>

We aim to work with suppliers to address any areas that fall short of expectations and to agree contractual clauses to anchor our standards. This ensures an ongoing focus on sustainability for the benefit of Zurich, our customers and society as a whole. We take sustainability seriously; where engagement fails, and suppliers cannot, or decline to, align their practices with the minimum standards we will review the relationship and consider phasing it out to uphold our commitment to doing the right thing.

We aim for 75 percent of our managed procurement spend to be with suppliers that meet or exceed the Supplier Code of Conduct expectations by the end of 2022. We are making good progress toward this target. As at the end of 2021, we confirmed more than 50 percent of our managed procurement spend was with suppliers that meet or exceed our expectations.

Inspiring action

Clear expectations for suppliers.

Launching our Supplier Code of Conduct has enabled us to establish and communicate clear expectations for suppliers across key environmental, social and ethical factors. I'm delighted at the number of suppliers who've already completed a self-assessment explaining how they meet our expectations.

→ **Phil Soderberg**
Group Head of Procurement and Vendor Management



Our sustainable sourcing program (continued)

Tackling our supply chain carbon emissions

We have reported our environmental data to CDP since 2004. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. For the last two years, we have invited suppliers to submit their own data to CDP via the CDP Supply Chain Program – encouraging suppliers to provide transparent environmental reporting and to take action to reduce their impact for the good of the planet and society. This year, we have taken our learning points from the pilot carried out in 2020 and have broadened the number of suppliers invited to submit data. We have been able to use the data from the CDP survey to build a picture of our supplier emissions by analyzing the carbon intensity of their respective businesses.

We then applied the carbon intensity values to our managed procurement spend. This enabled us, for the first time, to estimate the carbon footprint of our supply chain utilizing an online dashboard that we developed internally to visualize the data.

This process has allowed us to understand our supply chain emissions in more detail and enabled us to prioritize the suppliers where our action and engagement can make the biggest impact in terms of emissions reduction.

We have engaged with our suppliers and use our influence to drive the adoption of sustainable business practices – and specifically emissions reduction – throughout our supply chain. Collaboration is important to addressing the climate crisis, so we were delighted, at the invitation of CDP, to have the opportunity to showcase our supply chain emissions calculation work to other members of the CDP Supply Chain Program.

We remain focused on continuing with the progress made during 2021. We aim to drive further engagement with suppliers that are not currently measuring and reporting their emissions. We are also exploring ways in which the supplier emissions data to which we have access can be integrated into environmental reporting for our own operations.

Inspiring action

A force for good.

We strongly advocate for transparent environmental reporting and set out this expectation for suppliers in our Supplier Code of Conduct. The CDP Supply Chain Program gives us the platform and data with which to estimate our supply chain carbon footprint and also provides a basis for engagement with suppliers. The challenge is now to use this influence to drive emissions reduction in partnership with our suppliers – focusing on the areas where we can make the biggest impact for the benefit of all our stakeholders.

← **Chris Minter**
Sustainable Sourcing Lead



Case study

UK Buy Social Corporate Challenge

Through our supplier partnerships with social enterprises – businesses which reinvest the majority of their profits into a social or environmental mission – we are helping to generate positive social impact for the communities in which we operate. As a founding member of the UK Buy Social Corporate Challenge, Zurich UK's spending with Wildhearts Group, a provider of stationery and talent development, has helped transform the lives of more than 1,000 people around the world through programs addressing gender inequality and social mobility.

During 2021, Zurich UK appointed a supplier committed to working with social enterprises to deliver substantial parts of its office services, such as security, catering, cleaning and waste and environmental management. Zurich and the appointed supplier have set a target to increase the amount of other goods and services, such as restroom consumables and food products, provided by social enterprises over the lifetime of the contract.



Richard Farrant
Global Category
Manager, Property and
Workplace Services

This shows how large companies can themselves generate positive social impact by partnering with social enterprises to create compelling service offerings that also offer value for money. By positioning social impact as a key part of the supplier selection criteria, we encouraged suppliers to develop innovative solutions to meet our social impact aspirations. This case demonstrates Zurich's commitment to engaging with social enterprises and provides a blueprint for other countries in which we operate.

Our sustainable sourcing program (continued)



Case study

Targeting positive social impact through supplier diversity

At Zurich, we are committed to supporting a fairer, more open, and sustainable society and aim to generate positive social impact in the communities in which we operate. As part of this commitment, we seek out opportunities to engage with certified diverse suppliers. These are companies owned and controlled at least 51 percent by one or more traditionally underrepresented or underserved minorities or groups, for example: women, LGBTQ+, veterans and service-disabled veterans, people with a disability, and aboriginal-indigenous people. Diverse suppliers also include historically underutilized businesses, as defined by country specific rules, to recognize the key role that these businesses play in creating social value.

We launched supplier diversity programs in our UK, U.S. and Australian businesses in 2021. We measured our spend with diverse companies and actively identified opportunities for them to supply goods and services to Zurich. To support these initiatives, we have memberships with advocacy groups such as [MSD UK](#) and [SupplyNation](#), which are dedicated to the promotion and certification of diverse suppliers. We aim to expand these initiatives into other countries in which Zurich operates in the future.



Camille Threats
Supplier Diversity Lead,
Zurich North America

Engaging with diverse suppliers promotes innovation while supporting the economic and social development of underrepresented communities. Our supplier diversity initiative illustrates how we aim to build a supply chain that's more representative of our company, customers and communities.



Case study

Zurich co-establishes pan-European pilot to encourage trade with social enterprises

We are proud to have joined forces with [SAP](#), [Compass Group](#) and [Social Enterprise UK \(SEUK\)](#) in 2021 on a new, pan-European pilot scheme which aims to make it easier for companies to engage with social enterprise suppliers across Europe. We hope this new partnership will encourage trade with social enterprise suppliers across Zurich's European businesses. Working together with SEUK and other like-minded companies, we have created a shared database of more than 100 social enterprises across Europe and are proactively seeking opportunities to work with these companies. We are committed to continuing this work into 2022 and advocating for social enterprise suppliers.



The Buy Social campaign is a great initiative to be part of. It has helped to diversify our supply chain in the UK while also driving tremendous social impact. I'm proud of the progress we've made since 2016 in embracing social procurement and hope we can drive a similar impact in other countries through the pan-European pilot scheme.



Janette Evans-Turner
UK Head of Procurement and Vendor Management

Z Zurich Foundation

Greater impact.

Z Zurich Foundation works alongside Zurich employees, businesses, governments and NGOs. It pursues a future in which people can thrive, feel empowered and the marginalized in our society can reach their full potential.

About the Z Zurich Foundation¹

The Z Zurich Foundation (the Foundation) is a charitable foundation with its registered office in Zurich, Switzerland. It unites NGOs, governments, businesses and local heroes to work with those most in need by empowering the activist in all of us.

Zurich aims to be one of the most impactful and responsible businesses in the world. The Foundation is at the heart of this ambition. As the main vehicle by which Zurich delivers on its global community investment strategy, the Z Zurich Foundation is creating a brighter future for vulnerable people with its aim to positively impact at least 11 million people worldwide by 2024.

The Foundation works alongside Zurich employees, businesses, governments and NGOs in pursuit of a future: one in which people can thrive in the face of increasing climate hazards, in which those of us feeling the stresses of life are empowered to speak up, and in which the marginalized in our society can reach their full potential.



Gary Shaughnessy
Chair of the Z Zurich Foundation

The world faces fundamental choices that could determine whether the society we have today will continue to exist in the future at all. And, if it does, whether this society supports fairness and opportunity and is a place where those in need matter. The Z Zurich Foundation helps Zurich people become activists in their own communities. Many Zurich employees make choices that are personally challenging for the benefit of others in our society, for example, sharing their mental wellbeing experience to encourage others to speak up. I've been inspired by seeing the positive impact of those choices on our communities – and also by watching many of those employees grow as a result.



Gregory Renand
Head of the Z Zurich Foundation

In 2021, I celebrated my first work anniversary with the Z Zurich Foundation. And what a year! Every day, we wake up knowing what we do matters and that we're helping to positively impact and transform the lives of millions of people across the globe. But what's truly inspiring is the energy of people who team up with us along the way to respond to need and create opportunities to support each other. From Zurich employees to NGOs, we're all creating a brighter future together for the most vulnerable.

Z Zurich Foundation's strategy



Enabling social equity Actions for a fairer future

The Z Zurich Foundation wants to help create a society of equal opportunity, a world in which people can reach their full potential, no matter their race, gender identity, sexual orientation, religion, economic status, age or different abilities. Its social equity programs are designed with the ambition of transforming people's lives by working alongside NGOs, governments and businesses in service of a future in which everyone can thrive.



Adapting to climate change Leading climate change adaptation

For humanity to prosper in the face of climate change, we need to think of ourselves as having a shared future: one we can plan for by drawing on our collective knowledge and resources. That's why the Z Zurich Foundation is uniting a wide range of stakeholders around a common goal: to help millions of people throughout the world become more resilient, adaptive and prosperous in the face of climate hazards.



Improving mental wellbeing Changes come from within

Looking after mental wellbeing is fundamental to living a full, productive and healthy life.

Wherever we are in the world, whatever our background, everyday stresses can lead to anxiety. When left unaddressed, this can damage our self-esteem, as well as put a strain on relationships and people's ability to work and learn.

The Z Zurich Foundation is creating a mental wellbeing movement that is helping young people optimize positive mental wellbeing.

¹ The Z Zurich Foundation is a Swiss-based charitable foundation funded by various members of the Group. It is the main vehicle by which Zurich delivers on its global community investment.

Z Zurich Foundation (continued)

2020 by numbers

- Some 3.2 million lives positively impacted, including 2.4 million as part of our COVID-19 response through donations to 220 charities in 35 countries.
- Some CHF 31.7 million was invested in community grants in 2020, more than double the amount in 2019, and CHF 32 million-worth of new and extended multi-year grants were approved.
- Four external awards and recognition for our programs in Australia and Spain and from the World Economic Forum for the Zurich Flood Resilience Alliance's work.
- Eighteen Community Hero Awards presented to recognize Zurich employees, who are going above and beyond to support their communities.

Note: 2021 numbers will be disclosed in Z Zurich Foundation's Impact Report published in June 2022.

Highlights of 2021

- A truly global fundraising campaign, engaging Zurich employees and all business units to support UNICEF's efforts to deliver COVID-19 vaccines to low- and middle-income countries via the COVAX Facility. The campaign raised enough funds for UNICEF to deliver two doses of COVID-19 vaccine to more than 1.7 million people.
- Significant developments of the Foundation's 'Adapting to Climate Change', 'Improving Mental Wellbeing' and 'Enabling Social Equity' activities with new local grants and new global partnerships signed.
- Seventeen new local grant programs to support projects under the Foundation's strategic areas.
- Sixteen Community Hero Awards presented to recognize Zurich employees, who are going above and beyond to support their communities.

Actions for equal opportunity and equity

The COVID-19 pandemic exposed many vulnerabilities of society and increased social inequalities. All components of human development (education, health and living standards) were negatively impacted.¹ Needs are growing and, therefore, support should too. One important way the Foundation tries to enable social equity is by building a platform for those without a voice and empowering young people to take control of their futures. Through its community grant programs, the Foundation collaborates with Zurich business units across the world in tackling local societal issues to promote and deliver social equity. In 2021, the Foundation approved funding for four new multi-year grants starting in 2022 in Ecuador, Spain and France.

At the same time, the challenges of the COVID-19 pandemic remain. The Z Zurich Foundation has continued to support the most vulnerable by providing tailored grants to support local disaster relief initiatives identified by Zurich's business units. While the pandemic's long-term impacts are hard to foresee, the economic downturn in 2020 has had severe repercussions on women, youth, the poor, the informally employed, and those who work in low-income sectors. With the partial recovery in 2021, we have seen new needs emerging, such as vaccination equity. In April 2021, the Z Zurich Foundation agreed to support UNICEF's (the United Nations Children's Fund) efforts to deliver COVID-19 vaccine doses to the most vulnerable for the COVAX Facility. Zurich's offices, employees, customers and distributors joined the race to end the pandemic and participated in the biggest fundraising campaign driven by the Foundation since its establishment in 1973.

The campaign raised enough funds for UNICEF to deliver two doses of COVID-19 vaccine to more than 1.7 million people.

"We thank Z Zurich Foundation and its global network for their generous contributions in support of global vaccine equity," said Carla Haddad Mardini, Director of UNICEF's Private Fundraising and Partnerships Division. "All sectors need to join hands to help end the COVID-19 pandemic. Because this will not be over for any of us, until it is over for all of us."

Shaping a global movement to improve mental wellbeing of young people

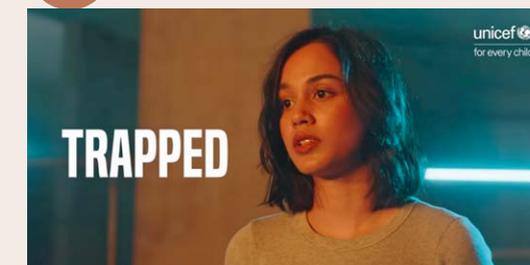
Building on a strong set of award-winning local projects in Australia, Ireland, Turkey and the Isle of Man, the Z Zurich Foundation has launched a three-year global strategic partnership with UNICEF to promote young people's mental wellbeing.

The partnership aims to initially equip 400,000 adolescents and 150,000 caregivers in seven countries (Vietnam, Mexico, Indonesia, Nepal, Colombia, Ecuador and the Maldives) with information, skills and strategies on how to care for their own and each other's mental wellbeing.

As part of this partnership, the Z Zurich Foundation is supporting with expertise, resources and amplification capabilities #OnMyMind – UNICEF's public engagement campaign targeting young people and other key audiences on mental health promotion and prevention. Through the length of the program, this global communication campaign aims to reach 30 million people and promote positive conversations and connections that increase awareness, knowledge and action around mental wellbeing. In 2021, #OnMyMind reached an impressive number of 211.5 million people.

One moment, one conversation, one question can change everything.

[Watch the Hero Film](#)



Comments left on the official social media channels of UNICEF and Z Zurich Foundation:

“ Thank you for speaking out about mental health, and showing how underfunded/overlooked mental health is.

“ Mental health is an essential component of someone's wellbeing, stopping the stereotypes and stigmas around it...promoting mental health and mental health awareness is more than necessary, it's vital!



¹ COVID-19 and Human Development: Assessing the Crisis, Envisioning the Recovery | Human Development Reports (undp.org).

Z Zurich Foundation (continued)

New commitments

During 2021, the Foundation has also pledged funds to support three new multi-year programs in New Zealand, Portugal and Brazil. The Foundation also co-funded a nationwide survey on the state of Swiss adolescents' mental health.

Scaling-up climate change adaptation

The Z Zurich Foundation made significant progress and developments on its climate change adaptation agenda in 2021.

The Zurich Flood Resilience Alliance (the Alliance) quadrupled the number of communities it supports: from 75 communities in 10 countries in 2019 to 300 communities in 23 countries in 2021, including working in Africa for the first time.

[Read more: Zurich Flood Resilience Alliance](#)

Building resilience in communities positively affects the lives of thousands. Expanding on expertise developed with the Alliance, the Z Zurich Foundation has also started work on urban resilience by committing support to three new programs:

1. In the United States, in collaboration with Zurich North America and Resilient Cities Network.
2. In Ecuador, working with Zurich's local office and Alliance member Plan International on flooding issues (on the ground in early 2022).
3. In Colombia, together with Zurich's local office and the Colombian Red Cross and the International Federation of Red Cross and Red Crescent Societies (IFRC) (on the ground in early 2022).

While the latter two programs focus on flood resilience in an urban context, the American pilot is also integrating a social component. The 'North America Climate Resilience Program' is the first Z Zurich Foundation climate program looking at urban resilience.

This multi-year program will initially work in specific neighborhoods of Houston and Boston, seeking to develop actions and implement projects that address climate risks, social inequity and resilience.

A cornerstone of the program will be adapting the [Zurich Flood Resilience Measurement for Communities](#) diagnostic approach from focusing only on floods to additionally considering heatwaves in an urban context.



Kristof Terry
CEO of Zurich North America and member of Z Zurich Foundation's Board of Trustees

This initiative will enable us not only to address climate change adaptation challenges, but also to engage with and impact underserved communities. Prioritizing resilience-building actions for the most vulnerable populations will contribute to a more equitable future within and across communities.

"This program is a unique opportunity to tackle the complex and interrelated challenges brought on by multiple, cascading climate-related concerns," says Lauren Sorkin, Executive Director, Resilient Cities Network.

[Read more: Multi-year collaboration with Resilient Cities Network](#)



Community investment key performance indicators

2021 figures will be disclosed in Z Zurich Foundation's Annual Report published in June 2022.

Employee fundraising and volunteering 2020 figures^{1,2}

	2020	2019	Change
Fundraising and donations (USD millions) ³	2.5	2.3	10%
Total time volunteered by workforce (business hours)	38,830	129,702	(70%)
of which skills-based hours	19,485	31,463	(38%)
Workforce actively volunteering (% of total headcount)	9.3%	20.9%	(11.5)ppts

Charitable cash contributions 2021 figures

	2021	2020	Change
Total full year charitable cash contributions by Zurich business units (USD millions) ⁴	15.6	31.9	(104%)
Total full year charitable cash contributions by Zurich to Z Zurich Foundation (USD millions) ⁵	43.8	42.7	3%

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

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

2 2021 figures will be disclosed in the Z Zurich Foundation's Annual Report published in June 2022.

3 Mostly includes Zurich employees' fundraising and donations. As the share of the Zurich business units' matching becomes negligible, the split of these two sub-categories is no longer reflected.

4 Charitable cash contributions captures voluntary contributions from Zurich business units to non-profit organizations, excluding Z Zurich Foundation. Once a year the data is consolidated and the total group number is reported. The decrease in cash contributions in 2021 is mainly driven by a one-off donation to the COVID-19 Support Fund in the UK in 2020.

5 Charitable cash contributions captures voluntary contributions from Zurich to the Z Zurich Foundation. The donation is made yearly and reported once a year. The donation is made by various legal entities of the Zurich Insurance Group and amounted to CHF 40 million in 2020 and 2021. The dollar amount increase in the table above is due to foreign exchange rate movements.

Z Zurich Foundation (continued) Zurich Flood Resilience Alliance

All members of the Alliance, with the exception of Zurich Insurance Company Ltd, receive funding from the Z Zurich Foundation.



Key flood statistics

50%

Floods continue to affect more people globally than any other type of natural hazard, accounting for nearly 50 percent of all such events

635 million

Floods impact more than 635 million people every year¹

USD 651bn

An estimated USD 651 billion in flood damages occurred globally from 2000 to 2019²

1.65 billion

1.65 billion people were affected by floods between 2000 and 2019³

USD 5

Every U.S. dollar invested in flood prevention saves, on average, five U.S. dollars in future losses

- 1 EM-DAT, 2020.
- 2 <https://www.nature.com/articles/s41586-021-03695-w#ref-CR1>
- 3 CRED, UNDRR. Human Cost of Disasters. An Overview of the last 20 years: 2000–2019. <https://reliefweb.int/report/world/human-cost-disasters-overview-last-20-years-2000-2019> (UNDRR, 2020)

The number of natural hazard events across the world is growing every year, and their effects are being felt at individual, societal, and planetary levels. It's a 'code red for humanity' according to last year's Intergovernmental Panel on Climate Change (IPCC) assessment report, which established beyond scientific doubt that the climate change (and increased intensities and frequencies of natural hazards) we are experiencing is driven by human activity. Toward the end of 2021, the world urged UN climate negotiators at COP26 to turn promises into action. Climate change is already a humanitarian crisis and we must act more urgently on adapting to it. Increased commitments to finance adaptation globally is the next necessary step, and more still needs to be done.

[Read more:](#)
Did COP26 deliver for flood prone communities?

The Z Zurich Foundation has worked on climate change adaptation, in collaboration with Zurich, since in 2013, when it founded the Zurich Flood Resilience Alliance (the Alliance), a multi-sector, global partnership focused on finding practical ways to help communities strengthen their resilience to floods globally and save lives.

Alliance members operate an engaged collaboration model, with shared leadership across the whole Alliance. Through this work, they have seen first-hand how homes are swept away, businesses are destroyed, and hundreds of thousands have lost their lives.

This global flood program is now in its second phase, expected to last from 2018 to 2024. That brings the total foreseen duration of the project to 11 years since it began in 2013. Through this work, it has become clear that building resilience is neither simple nor easy. We recognize that impact is not instant: it takes time and long-term investment and commitment.

This recognition enables Alliance members to work toward sustainable long-term change for people.

The program has two key targets. By the end of 2024, it has committed:

- To move toward building resilience to climate hazards, particularly floods.
- To help at least 2 million people to become more resilient to flooding.

A landmark year: Zurich Flood Resilience Alliance expands its impact in 2021

During 2020, the Alliance reported that it had started to engage (and have an initial impact) on around 315,000 people through its work with communities across its programs. In 2021, this engagement increased significantly as programs became embedded and the Alliance extended its work to more communities in more countries.

Its initial teams, whose work started in 2018, are seeing this engagement turn into impact, not just in the communities it targets directly, but also through the work showcasing the outcomes to others who implement further interventions. In 2021, then, the Alliance has been able to have a positive impact on 24,000 people's lives and a transformative impact on 578,000 others, giving a total impact on 602,000 people.

In terms of its financial influence, Alliance members have been able to influence a number of local programs to scale or replicate the Alliance's approach as well as being part of the process that has influenced countries to increase resilience/adaptation funding commitments at COP26. The Alliance's contribution in 2021 was around USD 74.4 million, taking its total influence to date to USD 420.5 million, 42 percent of the overall program target.

Z Zurich Foundation (continued) Zurich Flood Resilience Alliance (continued)

Expanding on the work of the Alliance

At the end of 2020, the Z Zurich Foundation (the Foundation) revised its strategy to go beyond floods and address climate change related risks more broadly.

Under its Adapting to Climate Change program, the Foundation is promoting sustainable behavior and developing tools for thousands of communities increasingly affected by natural hazards. In practice, this means talking to people about the particular risks they face and drawing on the expertise of our network to determine the right measures to use in each situation. This innovative and integrated approach to climate change is built on the ongoing success of the Zurich Flood Resilience Alliance.

The Foundation's Board of Trustees agreed to extend the work of the Alliance into more countries and communities. The Alliance is now working in more than 300 communities across 23 different countries. For the first time, the program is operating in Africa – Senegal in the North West; Kenya and South Sudan in the North East; and Mozambique, Malawi and Zimbabwe in the South East. In Latin America, additional work has started in a new state in Mexico, adding to new work in Bolivia and expansion in Peru with new partners (such as the Swiss Development Corporation). In Asia, the program now operates in Vietnam.

During 2021, Alliance members established programs in the new communities: recruiting and training staff; establishing relationships with the communities; and conducting analysis using the Flood Resilience Measurement for Communities (FRMC), which will help to develop intervention plans. These plans will go ahead in 2022.

The Flood Resilience Measurement for Communities (FRMC) approach is a holistic framework that promotes systemic thinking to understand the resilience of a community. Alliance members work with communities to use knowledge gained from applying the FRMC to help identify suitable intervention plans that generate benefits across a broad range of areas. This deep analysis of the community, conducted prior to considering how to intervene, is critically different from more traditional approaches, which often conduct only minimal analysis and rely on off-the-shelf solutions that do not always reflect the local context or needs. This difference in its fundamental approach makes the Alliance innovative. While the FRMC is focused on floods, during 2021 the Alliance worked to extend the model to incorporate heatwaves. This revised version will be piloted in Z Zurich Foundation's North America Climate Resilience Program.

Additional progress in 2021

Increasing funding in the right places

Climate change adaptation and disaster risk reduction receive insufficient financing. Funding for global adaptation reached USD 30 billion in 2017/2018, according to the Alliance's 'At What Cost' report, published in mid-2020. That figure is much less than the USD 50 billion pledged annually by the international community. In addition, climate vulnerable countries are not prioritized by donors. Only a quarter of bilateral financing – and less than half of major multilateral financing – for climate change adaptation targeted the most climate vulnerable countries from 2010–2017. There is no correlation between the amount of money a given country receives for climate change adaptation and disaster risk reduction, and its vulnerability to climate change or the number of its population living

in extreme poverty. This means funds are not being allocated according to need. The majority of the most climate vulnerable countries received less than USD 20 per person per year in climate change adaptation financing from 2010–2017.

To support our call for change in this area, both Zurich and the Foundation signed up to the Global Commission on Adaptation's Principles for Locally-Led Adaptation, endorsed by the Climate Action Summit in January 2021. The work of the Alliance follows all of the principles championed by this pledge, demonstrating its commitment to following promises with action.

This is one step in our advocacy journey: calling for more investment in climate change adaptation that reaches grassroots level.

Delivering community impact alongside the health crisis

Enabled by the Foundation's flexibility and the Alliance's overall proactive approach, members continued to progress on our community programs in 2021. The Alliance continued its flood resilience engagement throughout the pandemic, keeping all of the programs running and maintaining its focus on flood resilience. The Alliance's ability to identify ways to strengthen resilience against flooding and help with the challenges of COVID-19 has strengthened the relationships and credibility of Alliance members.

Read more:
Foundations for change



Impact story

Did you know that planting vegetation can keep you safe from flooding?

In Bangladesh, the Flood Resilience program supported by the Zurich Flood Resilience Alliance member Concern Worldwide brought together members of the community who identified the families most in need of help from flooding.



Discover Rina's story here



A reminder about the value of flood resilience investment

The Alliance is built around a model which puts people at the center of the decision-making process. Alliance members use the Flood Resilience Measurement for Communities tool and participatory processes to ensure communities are able to prioritize the actions and investments that affect them. They convene communities, local and national governments and use evidence to help increase investment in flood resilience.

Read more:
Flood resilience investment

The Zurich Flood Resilience Alliance Interview with Flood Resilience Program Lead

Q&A with Michael Szönyi

Michael Szönyi leads Zurich's flood resilience program and chairs the management committee of the Zurich Flood Resilience Alliance ('the Alliance'), a group of partners from the humanitarian, NGO, private and research sectors. The Alliance has programs in 23 countries around the world and is indirectly funded by Zurich through the Z Zurich Foundation, a charitable foundation.

What does your job entail?

I have the overall responsibility for the Alliance and its objectives, including our commitment to helping 2 million people become more resilient to flooding and scaling up our work in climate action. This includes advocating for the generation of an additional USD 1 billion from public and private sources in climate-smart, risk-informed development that builds resilience. That said, members do share responsibility together, given our diverse teams across many organizations and our approach to flexible, long-term programs. We also developed our current ambition and Theory of Change jointly.

I think we work quite differently, with both the Z Zurich Foundation and Zurich taking very active roles in shaping and contributing to Alliance operations. I'm also responsible for making sure there's a good link between Zurich's business and the Alliance, so sourcing expertise from within the business that can support the Alliance or helping the business learn from the Alliance's findings.

In what regions is the Alliance active?

The Alliance is globally active. Our programs are mostly in developing countries and focus on some of the most vulnerable populations in Latin America (e.g., Peru, Bolivia), in Southeast Asia (e.g., Bangladesh, Nepal, Vietnam) and most recently we expanded to various parts of Africa. However, anybody can be affected by flooding, so we also do work in Germany, in the UK and in the U.S.

What is flood resilience?

Resilience is at the intersection of risk management and development. It's not just building a levee and stopping there, but about figuring out ways we can integrate flood risk reduction while people achieve their development needs and wishes at the same time. It's also the understanding that nature can work with us and that we shouldn't exploit it. Resilience isn't just a new form of risk management; it has this additional development angle as well. The Alliance has helped to crystallize this message.

Climate change mitigation, or adaptation?

Adaptation is very important in addition to mitigation. I think we talk a lot about mitigation, and I agree it's absolutely critical that we hit the 1.5°C mark as closely as possible. But let's face realities: those that are the most vulnerable aren't waiting for the climate crisis to hit them. Many of them are already in the climate crisis. And even a 1.5°C-warmer world is a world with some very big climate effects and their challenges. So you can't just mitigate. We need to adapt. And that's where the Alliance is positioning itself to help develop smart climate change adaptation programs on the ground.

What is the Alliance's approach to flood resilience?

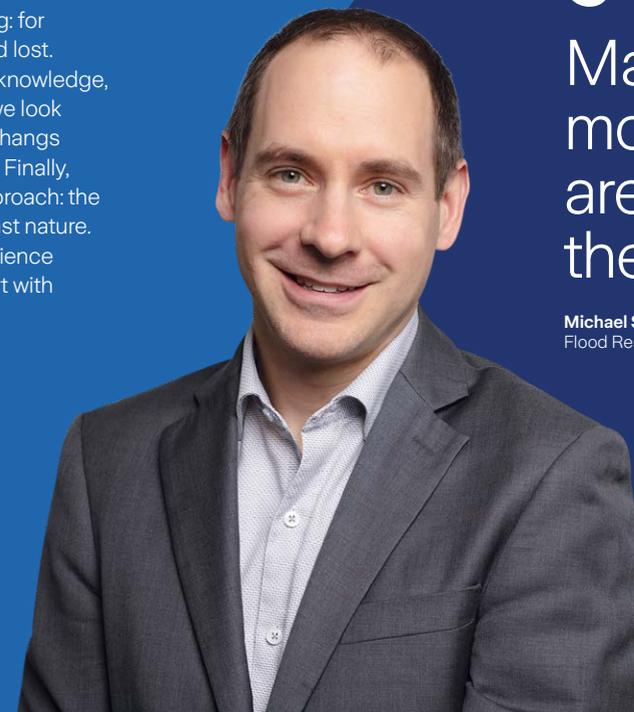
Resilience is a really rich and diverse concept, and you can do so many things with it. We think about resilience more broadly, so beyond physical and financial capital that can be lost in flooding: for example, buildings destroyed, or livelihood lost. We also consider human capital, such as knowledge, beliefs and awareness of flooding. Then we look at social capital, that is, how a community hangs together and how well they communicate. Finally, we incorporate natural capital into our approach: the question of whether we work with or against nature. Looking at these rich results from our resilience analysis gives us indications where to start with intervention planning.

How do you get local communities involved?

We work together with the community to analyze strengths and weaknesses and then decide together with them on a realistic, feasible action plan and practical interventions. Zurich is one of the signatories to the UN principles of locally led adaptation, which we signed at the end of 2020. It's about ensuring action is devolved to the local level. That's really critical and something we need to see happen more often.

What changes would you like to see in the way flooding is addressed?

We need to make sure a fair share of adaptation money, in addition to mitigation investments, is reaching this local level – especially those places that need it most. Everybody can be affected by flooding but often there's a lack of awareness in terms of the needs. Usually, the big action happens where there's a lot of valuable assets: for example, hotels along the Florida coastline. Meanwhile, those who are the most vulnerable are actually those who get the least amount of money. The idea that we need to finance the protection of people, too, is now slowly gaining traction.



“
Many of the most vulnerable are already in the climate crisis.”

Michael Szönyi
Flood Resilience Program Lead

Zurich Forest Project

Putting down roots in Brazil.



Zurich is partnering with non-profit Instituto Terra to help restore 700 hectares of nature in Brazil's Atlantic Forest in a project lasting eight years.

While our 1.5°C roadmap is closely connected to our business, the Zurich Forest project raises awareness of deforestation and loss of biodiversity, key factors in accelerated global warming. The project is one element of Zurich's wider sustainability commitment and complements our aim to embed responsible and sustainable decision-making and actions into everything we do.

Underpinned by our ambition to become one of the most responsible and impactful businesses in the world, the Zurich Forest Project is not just about planting trees or looking for carbon credits. It is about restoring nature and re-creating a healthy ecosystem in a native, natural habitat.

This includes:

- Restore natural canopy density across 600 hectares of native forest and reforesting an additional 100 hectares of degraded land.
- A scientific selection process to determine which native tree species are planted and where they are planted in relation to each other.
- Raising these trees for a time period of at least six to seven years to ensure they will survive long term.
- Enhancing the biodiversity of plants and animals.
- Caring for local communities by protecting natural water sources and ensuring workers' livelihoods for at least the duration of the project, and, additionally, through the COVID-19 pandemic.
- Supporting a non-profit that is involved with scientific research and shares its knowledge about sustainable reforestation with local communities and students from all over the world.

The Zurich Forest Project is our flagship engagement program for climate action, which invites employees, customers and followers of Zurich to become custodians of the forest. It is not an anonymous tree planting project – rather it is a collaboration between Zurich, its employees, and Instituto Terra that continues to grow. We have full visibility and a personal relationship with the project owners, as well as a yearly, audited reporting process. This means we can guarantee the sustainability and long-term success of the project.

The eight-year project aims to:

- Raise environmental awareness among employees, who can follow stories about the plants, animals and people of the forest on our internal social media platform Workplace. They can witness over time how the forest develops and be inspired and empowered by it.
- Foster appreciation of the environment, biodiversity and how nature supports our life as humans.
- Enable teams, agents and brokers across Zurich to engage customers, followers and others in the project.



Weverton Rodrigues da Silva
Head of the Nursery,
Instituto Terra

Trees definitely have a personality. Some seedlings are very stubborn. Others are frail and need extra attention.

Selected species of seedlings are planted during the rainy season from October or November to February. During this period, the conditions are favorable for the little seedlings, which are raised in Instituto Terra's own nursery, to take hold, grow and survive with sufficient water and without artificial irrigation.

Instituto Terra

The non-profit was founded in 1998 by Lélia Wanick Salgado and Sebastião Salgado with the intention to bring the native Atlantic Forest back to life on the former cattle farm 'Bulcão' in the Doce river valley in the Brazilian state of Minas Gerais. Today, Instituto Terra aims to recreate native forests, restore the biodiversity of plants and animals, protect soil, and revive and maintain water sources.



Photo credit: Instituto Terra

Appendix

The challenges we face in the 21st century are both complex and interconnected, and require cooperation on a global level.



Inspiring action

Think what can go right.

Zurich is proud to be a signatory of the United Nations Global Compact and the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI).

← **Mario Greco**
Group Chief Executive Officer



UN Global Compact

Continuing to support the UN Global Compact.



Statement of continuing support

Zurich became a signatory of the UN Global Compact in July 2011 because we believe that being a responsible company is fundamental to our long-term sustainability. As a signatory, we are committed to aligning our strategy, culture and day-to-day operations with the Global Compact's 10 universally-accepted principles in the areas of human rights, labor, environment and anti-corruption. The principles of the Global Compact complement our purpose, values and Code of Conduct, and all Zurich employees are expected to live up to them.



Our continued commitment to the Global Compact's principles on human and labor rights, the environment and anti-corruption is expressed in this report. We are committed to embracing, supporting and enacting these principles within our sphere of influence, and we will regularly communicate our progress.

Mario Greco
Group Chief Executive Officer
Zurich Insurance Group

Links to relevant information on our website

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.



Links

- Our commitment
- Compliant and ethical business
- Respecting human rights
- ESG integration into insurance
- Z Zurich Foundation Annual Report 2020
- Global Risks Report 2022
- Solutions with sustainable impact
- Employees speaking up and reporting concerns
- Sustainable sourcing
- Health and safety management

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.



Links

- Our commitment
- We care about our colleagues
- Diversity, inclusion and wellbeing
- Employee development
- Board composition (Annual Report 2021)
- Employees speaking up and reporting concerns
- Health and safety management
- Sustainable sourcing

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.



Links

- Our commitment
- Environmental performance
- Assurance statement
- Zurich Flood Resilience Alliance
- Our climate commitment
- Carbon neutrality at Zurich
- Responsible investment
- Natural hazards
- Solutions with sustainable impact
- ESG integration into insurance
- Coal, oil sands and oil shale

Anti-corruption

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



Links

- Our commitment
- We care about business integrity
- Compliant and ethical business
- Anti-bribery and anti-corruption
- ESG integration into insurance
- Respecting human rights

UNEP FI Principles for Sustainable Insurance

A global framework for the insurance industry.

United Nations Environment Programme Finance Initiative (UNEP FI) and Principles for Sustainable Insurance (PSI)

The UNEP FI and PSI serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities. Zurich became a signatory in 2017.



Proud of our approach

At Zurich, we are proud of the steps we have taken to incorporate environmental, social and governance (ESG) considerations into our core activities of investment and underwriting. Signing the UNEP FI Principles for Sustainable Insurance allows us to build on those efforts by being part of the broader dialog on the role insurance plays in shaping a more resilient tomorrow.

Mario Greco
Group Chief Executive Officer
Zurich Insurance Group

Links to relevant information on our website

Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

Links

- Our governance and policies
- Our strategic priorities
- Governance, Nominations & Sustainability Committee
- Our Group's Code of Conduct
- ESG integration in insurance
- Respecting human rights
- Solutions with sustainable impact
- Our claims philosophy
- Our responsibility as an investor: doing well and doing good
- Exclusion policies

Principle 2

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

Links

- ESG integration in insurance
- Respecting human rights
- Our responsibility as an investor: doing well and doing good
- Sustainable sourcing
- The Zurich Flood Resilience Alliance
- Supporting initiatives to improve road safety
- Industry knowledge
- Commercial Insurance – Supporting a sustainable future

Principle 3

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

Links

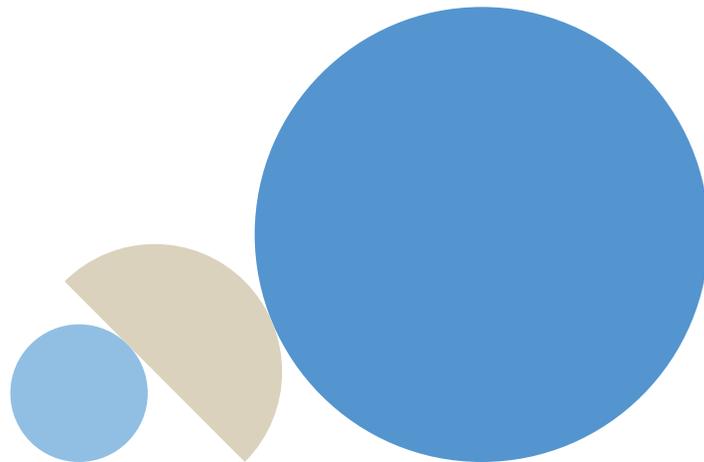
- Policy engagement
- CDP submission 2021 section 12.3
- The Zurich Flood Resilience Alliance
- Finding new ways of improving flood resilience
- Collaborating to advance responsible investment
- The Z Zurich Foundation
- The World Economic Forum
- Learning and insurance

Principle 4

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

Links

- Our annual Sustainability Report includes the UN Global Compact communication on progress
- Annual Report
- RI Transparency report
- Z Zurich Foundation Annual Report
- Industry knowledge
- External monitoring, indices and commitments
- Zurich.com/sustainability



Data table

Absolute carbon emissions coming from our own operations¹

Key performance indicator	Unit of measurement	2019 (base year) ¹	2020	2020 change relative to base year	Target reduction 2025	Target reduction 2029
Absolute carbon emissions	CO2e	164,346	66,708	(59%)	50%	70%
Absolute reduction in all operational emissions	(metric tons)					
Scope 1 + 2 emissions	CO2e	49,042	27,714	(43%)	55%	80%
Reduction in emissions from the vehicle fleet and onsite heating as well as from purchased electricity, heat and steam (e.g., district heating)	(metric tons)					
Scope 3 emissions	CO2e	115,304	38,994	(66%)	50%	65%
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	(metric tons)					

¹ Operational emissions include extrapolations to ensure 100 percent data coverage while details by categories are explained here: www.zurich.com/sustainability/sustainable-operations/our-environmental-kpis

Responsible investment key performance indicators

	2021	2020	Change	2019	2018	2017
Assets managed by responsible investor ¹	99.6%	99.6%	–	98.2%	97.5%	97.5%
Total amount of impact investments (USD millions)	7,037	5,770	22.0%	4,555	3,790	2,830
Investment portfolio (USD millions) ²	211,334	226,389	(6.6)%	204,803	195,472	207,261

¹ A United-Nations supported PRI signatory or asset manager that fulfills our minimum requirements for ESG integration.

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.

Community investment key performance indicators

Employee fundraising and volunteering 2020 figures¹²

	2020	2019	Change
Fundraising and donations (USD millions) ³	2.5	2.3	10%
Total time volunteered by workforce (business hours)	38,830	129,702	(70%)
of which skills-based hours	19,485	31,463	(38%)
Workforce actively volunteering (% of total headcount)	9.3%	20.9%	(11.5)ppts

Charitable cash contributions 2021 figures

	2021	2020	Change
Total full year charitable cash contributions by Zurich business units (USD millions) ⁴	15.6	31.9	(104%)
Total full year charitable cash contributions by Zurich to Z Zurich Foundation (USD millions) ⁵	43.8	42.7	3%

Notes:

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

2021 figures will be disclosed in Z Zurich Foundation's annual report published in June 2022.

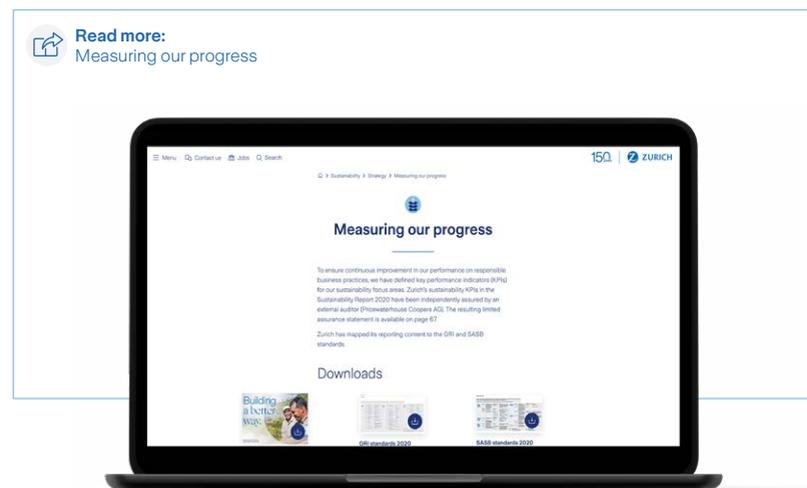
¹ All figures exclude Farmers Exchanges. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for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

² 2021 Figures will be disclosed in Z Zurich Foundations annual report published in June 2022.

³ Mostly includes Zurich employees' fundraising and donations. As the share of the Zurich business units' matching becomes negligible, the split of these two sub-categories is no longer reflected.

⁴ Charitable cash contributions captures voluntary contributions from Zurich business units to non-profit organizations, excluding Z Zurich Foundation. Once a year the data is consolidated and the total group number is reported. The decrease in cash contributions in 2021 is mainly driven by a one-off donation to the COVID-19 Support Fund in the UK in 2020.

⁵ Charitable cash contributions captures voluntary contributions from Zurich to the Z Zurich Foundation. The donation is made yearly and reported once a year. The donation is made by various legal entities of the Zurich Insurance Group and amounted to CHF 40 million in 2020 and 2021. The dollar amount increase in the table above is due to foreign exchange rate movements.



[Read more:](#)
Measuring our progress

Independent Assurance Report on Zurich's Sustainability reporting 2021



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

Phone: +41 58 286 31 11
Fax: +41 58 286 30 04
www.ey.com/ch

To the Executive Committee of
Zurich Insurance Group Ltd, Zurich

Zurich, March 8, 2022

Independent assurance report

We have been engaged to perform assurance procedures to provide limited assurance on Sustainability Disclosures of the Zurich Insurance Group Ltd and its consolidated subsidiaries ('ZIG' or 'Zurich Insurance Group' or 'Zurich'). Our engagement is focused on selected quantitative performance indicators (the "performance indicators 2021") disclosed in the Zurich Insurance Group Sustainability Report 2021 ("the sustainability disclosures") for the twelve-month period ending December 31, 2021. A listing of these performance indicators 2021 including section references and page numbers is attached as appendix to our independent assurance report.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the sustainability disclosures, and accordingly, we do not express a conclusion on this information.



Applicable criteria

Zurich Insurance Company Ltd defined as applicable criteria (the "applicable criteria"):

- ▶ World Economic Forum's (WEF) Metrics of Sustainable Value Creation for performance indicators 2021 listed under "WEF IBC metrics" section in the appendix. The guideline is presented on the WEF webpage.
- ▶ ZIG's own methodology for performance indicators 2021 listed under "Disclosures based on Zurich Insurance Group AG'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 assurance engagement.

Independent Assurance Report on Zurich's Sustainability reporting 2021 (continued)



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Responsibility of Zurich Insurance Group's management

ZIG's management is responsible for the selection of the applicable criteria and for the preparation and presentation of the performance indicators 2021 in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of the performance indicators 2021 that are free from material misstatement, whether due to fraud or error.



Independence and Quality Control

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



Our responsibility

Our responsibility is to express an opinion on the performance indicators 2021 based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform the engagement to obtain limited assurance about whether the performance indicators 2021 are free from material misstatement, whether due to fraud or error.

In accordance with the engagement agreement, our duty of care for this engagement only extends to the management of Zurich Insurance Group.

Based on risk and materiality consideration we have undertaken procedures to obtain sufficient appropriate evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the performance indicators 2021. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Independent Assurance Report on Zurich's Sustainability reporting 2021 (continued)



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Summary of work performed

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

- ▶ Assessment of the suitability of the underlying criteria and their consistent application
- ▶ Inquiries of company's representatives responsible for collecting, consolidating and calculating the performance indicators 2021 in order 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 performance indicators 2021 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 performance indicators 2021
- ▶ Analytical procedures of the sustainability report regarding plausibility and consistency with performance indicators 2021

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



Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the performance indicators 2021 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd



Isabelle Santenac
(Qualified
Signature)

Partner



Mark Vesper
(Qualified
Signature)

Director

Appendix:

Selected quantitative performance indicators (performance indicators 2021)

Independent Assurance Report on Zurich's Sustainability reporting 2021 (continued)



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Appendix: Selected quantitative performance indicators (performance indicators 2021)WEF IBC metrics

- ▶ Section Code of Conduct on page 20
- ▶ Section Being a responsible taxpayer on page 22
- ▶ KPI on average MyDevelopment learning hours per employee in Section Learning and development on page 70

Disclosures based on Zurich Insurance Company Ltd's own methodology

- ▶ KPIs on coal and oil sands policy and engagement progress in Section Our 1.5° future, text box Update on thermal coal, oil sands and oil shale position on page 27
- ▶ Table Responsible investment key performance indicators in Section Responsible investment on pages 37 and 92
- ▶ Section ESG integration key performance indicators on page 39
- ▶ 2021 numbers in Section Impact investing key performance indicators on page 41
- ▶ Journey to net zero key performance indicators on page 46
- ▶ KPI on gross written premiums and policy fees from sustainable solutions in Section Sustainable solutions on page 49
- ▶ KPIs on transparency score in Section Confidence in a digital society on pages 58 and 59
- ▶ KPI on percentage of managed procurement spend with suppliers meeting or exceeding Zurich's expectations in Section Our sustainable sourcing program on page 79
- ▶ Table Charitable cash contributions 2021 figures in Section Z Zurich Foundation on pages 84 and 92

Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved.

Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to 'Farmers Exchanges' mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

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

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.

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years



Zurich Insurance Group

Mythenquai 2

8002 Zurich, Switzerland

Phone: +41 (0) 44 625 25 25

www.zurich.com

