

# United Nations Global Compact: living up to our commitment



**Martin Senn,**  
Chief Executive Officer (CEO),  
Zurich Insurance Group

At Zurich, corporate responsibility is an integral part of how we do business. We view being a responsible company as fundamental to our long-term sustainability. That is why, in 2011, our Board and management approved a holistic corporate responsibility strategy as part of our overall Group strategy. In it, we focus on our core competencies so that we can apply our insurance and risk management expertise to enhance our contribution to society.

This strategy is founded on Zurich Basics, our core values, and the Zurich Commitment, which sets out our responsibility to all our stakeholders and serves as a guide for all Zurich employees – a reminder of what we must do together every day to win and keep the trust of our stakeholders.

Responsible investment and flood resilience are two major focus areas for us. We believe that through the responsible management of our Group investments of more than USD 200 billion, we can contribute positively to society and promote best-practice in corporate governance. That is why we signed the Principles for Responsible Investment (PRI).

We also aim to apply our risk management expertise to help society become more resilient to floods. With this in mind, we have established the Zurich Global Flood Resilience Program, which is part of Zurich's broader corporate responsibility strategy. Our alliance with the International Federation of Red Cross and Red Crescent societies (IFRC) allows us to contribute our insurance and risk expertise as well as investment capital. The Z Zurich Foundation will invest up to CHF 21 million in the alliance over the five years to 2017. Zurich employees with relevant skills will be given the opportunity to invest an average of 500 working days per year in the alliance.

Our continued commitment to the United Nations Global Compact's principles on human and labor rights, the environment and anti-corruption is expressed in this report. We are committed to further embrace, support and enact these principles within our sphere of influence and regularly communicate on our progress.



Martin Senn, Group CEO

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## Our Group

Zurich Insurance Group (the 'Group' or 'Zurich') is a leading multi-line insurance provider with a global network of subsidiaries and offices in Europe, North America, Latin America, Asia-Pacific and the Middle East as well as other markets.

Our mission is to help our customers understand and protect themselves from risk. With about 60,000 employees serving customers in more than 170 countries, our ambition is to be the best global insurer as measured by our customers, employees and shareholders.

Operating through three core business segments – General Insurance, Global Life and Farmers – we deliver a wide range of general insurance and life insurance products and services for individuals, small businesses, mid-sized and large companies, including multinational corporations.

The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. Further information about Zurich is available at [www.zurich.com](http://www.zurich.com).

## Our Corporate Responsibility Strategy

For Zurich, corporate responsibility (CR) is a key ingredient of our strategy. It is based on sustainable value creation, one of our core values, as set out in the Zurich Basics, our core values and our code of conduct. We aim to create sustainable value for each of our main stakeholder groups by proactively addressing relevant environmental, social and governance issues.

Zurich Basics together with our commitment to the United Nations Global Compact serve as the foundation of our CR strategy. We focus on areas related to our core business so that we can apply our insurance and risk management expertise to enhance our contribution to society. These areas are:

- Enhancing community flood resilience
- Investing our Group assets responsibly
- Working with our corporate customers to help them better understand and manage their CR risks
- Community investment through the Z Zurich Foundation
- Environment, health and safety management in our office buildings
- Diversity and inclusion in our workforce
- Responsible supply chain management

To ensure that we execute on our CR strategy, the Group Executive Committee has formed a working group to advise it on strategy, priorities and objectives, and to track our performance. Our three business segments and key functions, such as Group Operations and Investment Management, are all represented to ensure that CR is embedded in our business. The CR Working Group is chaired by Kevin Hogan, a member of the Group Executive Committee.

## Human Rights

### PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights

### PRINCIPLE 2

Businesses should make sure that they are not complicit in human rights abuses

## Our commitment

We respect international human rights and seek to protect them within our sphere of influence, while ensuring that we are not complicit in human rights abuses. Our commitment to human rights is articulated in the Zurich Basics, our core values.

Determining the boundaries of corporate responsibility and a company's spheres of influence with regard to human rights is complex, and subject to ongoing research and debate. We recognize three primary spheres of influence with regard to human rights:

### Emerging markets

Emerging markets present opportunities for us to expand our business but, regardless of where we operate, we will not compromise our integrity and the standards of business conduct set out in the Zurich Basics. By providing insurance in these markets, we aim to create social and economic value, contribute to sustainable economic development and promote the exchange of skills and knowledge.

### Suppliers

We aspire to work with suppliers who share our values, and we expect high standards of business conduct from those who represent us or do business with us.

### Corporate customers

In line with our mission to help our customers understand and protect themselves from risk, we aim to work with our corporate customers to respect the protection of human rights and avoid complicity in human rights abuses. We have built a systematic approach that involves three stages: risk identification, risk assessment and risk mitigation. This simple process enables us to look in detail at each issue and to understand the complexities involved.

## Actions and outcomes

### Zurich's role in emerging markets

Insurance has the potential to create significant social and economic value in emerging economies. Insurance empowers economic activity by allowing businesses to allocate their resources more efficiently. Insurers are also long-term investors, acting as a stabilizing influence in the financial markets of emerging economies. Starting in 2011, Zurich expanded its presence in the following growing economies, with the aim of fostering mutually beneficial, long-term relationships: Argentina, Brazil, Chile, Indonesia, Malaysia, Mexico and Uruguay.

To facilitate better access to insurance in emerging economies, Zurich is increasingly active in communicating the positive economic and social aspects of insurance. In 2012, Zurich published *'The Role of Insurance in Latin America,'* highlighting how insurance can contribute to sustainable development by fostering trade and investment, enhancing disaster resilience, and protecting and supporting the growing middle class. In 2013, Zurich also published *'The Role of Insurance in the Middle East and Africa'* to promote awareness of what conditions are necessary in order to allow insurance to support economic development in the region. Insurance allows individuals and their families to control their fate by protecting hard-earned assets, thus creating economic stability for all classes of society. It frees individuals from dependence on families or communities in case of an adverse event. More importantly, poor families or communities may lack means for 'self-insurance.' Insurance thus provides an efficient mechanism to protect people from falling into poverty as a consequence of an adverse event.

Zurich recognizes the significant unmet need for insurance among low-income people in emerging markets. In Latin America, Zurich provides a number of products/services designed specifically for low income social groups. For example, in Chile, Zurich provides affordable insurance for 750,000 low income families called 'Family Protection.' These products include life coverage for family members and reimbursement for surgical interventions. In Mexico, Zurich works with the Mexican Association of Social Credit Unions (AMUCSS), providing credit life products and life insurance products through a network of micro finance institutions with the support of the Inter-American Development Bank (IDB).

Through the Z Zurich Foundation, Zurich also supports the important work of the Microinsurance Innovation Facility with a grant of CHF 3 million over a three-year period. Fourteen grants have been awarded to projects that use technology and process innovations to create operational efficiencies, address challenges involved in scaling up microinsurance operations, and/or lowering administrative expenses. For example, Kenya's third-largest insurer, CIC Insurance Group specializes in microinsurance. It is owned by 1,562 cooperative societies and 3,875 individual members. A grant from the International Labour Organization's Microinsurance Innovation Facility, underwritten by the Z Zurich Foundation, is helping CIC to expand its client base among low-income households. Its products include a savings and life insurance product tailored to low-income households.

Zurich North America continues to provide a form of credit insurance for mosquito net suppliers through NetGuarantee, an innovative finance facility. It has protected millions of people in at-risk communities by dramatically reducing the time needed to deliver mosquito nets to recipient countries, overcoming the delay that might otherwise result from considerable time needed to complete a grant disbursement process.

Zurich has been a long-standing supporter of the World Economic Forum (WEF) as a member for many years, and a Strategic Partner since 2003. The World Economic Forum provides a unique platform for our business leaders to hear the latest views and get insights into pressing issues. Zurich's CEO, Martin Senn, joined global leaders as one of the co-chairs of the WEF Summit on Latin America and a similar WEF event held in the Middle East and North Africa (MENA). The MENA event held in Jordan looked at central themes, such as 'Advancing Conditions for Growth and Resilience.' Around 1,000 leaders who attended the event discussed the issues that are shaping the region's future in terms of the economy, social environment and governance. It began with a debate about problems related to youth unemployment, the need for economic diversification, and instability in the region; it ended with hopes that Israel and the Palestinian Authority will restart peace talks.

## **Actions and outcomes** *continued*

### **Zurich Basics, our code of conduct**

Zurich Basics, which defines our core values and our code of conduct, is the basis of all that we do and provides the framework for how we deliver on our business goals. The Zurich Basics is available on [our website](#). All employees are required to take online training in the Zurich Basics annually, and to acknowledge that they have read, understood and comply with these principles. This training covers a variety of topics including compliant and fair conduct of business, equal employment, conflicts of interest and anti-bribery and anti-corruption. This is part of a Group-wide annual program of online training, which is available in all Zurich spoken languages.

Group Compliance and local officers in the Group companies are responsible for monitoring and reporting on the implementation of the Zurich Basics.

### **Speaking up and reporting concerns**

Zurich encourages employees to speak up and report conduct which they, in good faith, believe violates laws, regulations, internal policies or Zurich Basics. Zurich provides employees with multiple help channels, including the Zurich Ethics Line (ZEL), a Group-wide web submission and a telephone hotline service launched in January 2012, operated by an external vendor. ZEL provides a facility for employees to report concerns or seek help with business conduct issues (including anonymously where permitted by law). Reported matters are analyzed by a pre-determined triage committee which assigns investigatory responsibilities and oversees each case. Cases in which an employee does not comply with our code of conduct or policies may constitute grounds for disciplinary action, up to and including termination of employment.

Furthermore, the Group's performance management system allows managers to evaluate whether an employee's behavior has been in line with the Zurich Basics.

### **Health and safety in the workplace**

Health and safety are important elements of being a responsible and sustainable company. At Zurich, we aim to ensure well-being within the working environment. We take precautions to prevent people from becoming ill or working in conditions that might put their health at risk. Good health and safety management also contributes significantly to our business performance by reducing illness and injury. Our Group Health and Safety Policy provides one global health and safety standard, adapted locally as required by law or regulation. A summary of Zurich's Health and Safety Policy is available on [our website](#).

Zurich measures the success of health and safety management by using meaningful key performance indicators, setting clear annual targets and implementing actions to improve performance. These key performance indicators include information on the occurrence and nature of work-related accidents, sickness absences and trends in health and safety. Further indicators are being developed. A global incident management system for recording accidents and incidents as well as investigating, taking corrective action and reporting on overall trends is being developed.

### **Suppliers**

Zurich, due to the nature of its business, is predominantly a consumer of services, and not products or raw materials. Compared with other industry sectors such as manufacturing, the risks associated with the environmental, social and governance impact of Zurich's supply chain are low. Nonetheless, Zurich is committed to effectively managing such issues within our supply chain. Group Operations is integrating corporate responsibility in our supply chain management policies and processes.

As part of its procurement transformation program, Zurich has outsourced its procurement function to a Business Process Outsourcing (BPO) organization. Zurich and the BPO will be working closely together to establish improved policies, processes and guidelines for managing corporate responsibility issues in the supply chain. Additionally, the Procurement organization will work together with expert associations and peer companies to support knowledge development and best practice sharing related to corporate responsibility.

To comply with our group policies, employees must take into account the economic, social, diversity and environmental impact of procurement activities, by, for example, incorporating appropriate evaluation criteria into the supplier selection process.

## Actions and outcomes *continued*

### Highlight

Zurich has started to work with its corporate customers to better manage corporate responsibility risks and respect the protection of human rights.

Zurich has strategically significant relationships with a small number of key suppliers. Sustainability requirements identified as part of the supplier due diligence process will have relevant provisions incorporated into the contract. Clauses that reflect the UN Global Compact criteria are specified in the agreements with these suppliers and adherence to these obligations is tracked as part of the supplier relationship management process.

Zurich also works with its corporate customers to help them better understand and manage supply chain risks. This includes a risk assessment process and IT tools that help customers understand corporate responsibility and sustainability risks in their supply chains. The process encourages customers to really know and understand their supply chains, and to take this approach beyond that of their direct suppliers.

### Customers

Zurich has started to work with its corporate customers to better manage corporate responsibility risks and promote best practices in managing environmental, social and governance risks.

We believe it is better to engage with customers to understand their business and operations and work together to ensure responsible and sustainable business practices are in place. This enables us to make better-informed decisions on how we can support customers in developing best practice.

Zurich's General Insurance and Global Life segments are implementing processes to systematically identify, assess and mitigate potential environmental, social and governance issues and the related reputational risks inherent in certain business transactions involving large projects and corporate customers. Both segments have in place a Corporate Responsibility Decision group to assess sensitive or complex CR risks and provide direction as to the appropriate mitigation actions. The outcome of the risk assessment and risk mitigation efforts are being tracked and analyzed and management receive information on the results and effectiveness of managing CR risks in business transactions. Awareness training is being provided for the relevant business owners, market-facing underwriters, risk engineers and relationship managers to raise awareness of the environmental, social and ethical impacts of our business transactions, along with the potential consequences on Zurich's reputation, and the related risks and opportunities for Zurich and its customers.

Using our risk profiling methodology, we have prioritized four key areas of concern: banned weapons (cluster bombs and anti-personnel mines), dam construction (with a focus on particular social, environmental or political risks) and oil and gas, and mining projects in environmentally-sensitive areas, or with human rights implications. Expert teams are developing issue briefs and supporting underwriting guidance. We have started engaging with customers on these issues and plan to develop other issue briefs and guidance over time.

Global Life carried out a post-implementation review 100 days after launch in July 2012 to assess the impact, gather feedback and amend guidance where necessary.

Zurich is a member of the Chief Risk Officer Forum and, working closely with our peers on the forum, together we have published:

- Recommendations for Managing Environmental, Social and Ethical Challenges in Business Transactions
- CRO Forum Blueprint on Anti-Personnel Mines and Cluster Munitions
- CRO Forum Blueprint on Oil Sands

## Labor

### PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

### PRINCIPLE 4

Businesses should uphold the elimination of all forms of forced and compulsory labor

### PRINCIPLE 5

Businesses should uphold the effective abolition of child labor

### PRINCIPLE 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

## Our commitment

Zurich's ambition is to be the best global insurer as measured by our customers, employees and shareholders. People management is a cornerstone of Zurich's corporate strategy, one which focuses our attention on leveraging and promoting our company's greatest resource: our employees.

Zurich is committed to maintaining an environment that is respectful of all employees and free from all forms of discrimination and harassment. Our commitment to labor rights is articulated in the Zurich Basics.

Zurich does not tolerate discrimination or harassment in the workplace. Zurich recognizes the right of its employees to freedom of association and collective bargaining. All employees have the right to freely form and join groups for the promotion and protection of their employment interests. Zurich does not tolerate any form of forced or compulsory labor, or child labor.

The above principles are in accordance with the internationally recognized core employment standards of the International Labour Organization.

## Actions and outcomes

Given the nature of Zurich's business, the Global Compact's labor principles are relevant to its own employees primarily in terms of people management, and diversity and inclusion.

### People management

People management is an integral part of our Group strategy and one of the key cornerstones of the Zurich Commitment. In 2013, we developed a clear people strategy based on our Group's overall strategy. This provides the organizing framework to ensure we pursue strategic outcomes that enable us to attract, retain and develop the best people in our industry. Going forward, we will focus on four key areas:

1. **Building talent** by attracting and retaining a skilled and diverse workforce
2. **Developing people capability** by educating and developing all employees
3. **Fostering a culture of excellence** in which all employees are challenged, motivated and proud to be part of Zurich
4. **Driving HR performance** by improving HR processes, organization, technology and people skills to use those processes and tools effectively.

By concentrating on these strategic goals we will ensure global consistency, alignment and transparency.

We continue to listen closely to our people through our regular, Group-wide employee engagement survey. Performance measures help us provide guidance and support to all employees and their managers, allowing each individual to track their progress along a clear career path, and indicate where they could use support.

By making sure we achieve these goals we aim to ensure that we always have the right people in the right jobs at the right time.

## Actions and outcomes *continued*

### Highlight

87 percent of employees agreed with the statement "I consider Zurich to be a diverse organization"

### Diversity & Inclusion

In December 2011, a global Head of Diversity & Inclusion was appointed. A Diversity & Inclusion (D&I) strategy and implementation plan has been developed, which has involved wide-ranging activities at a local level across the Zurich Group.

Aligned with the Zurich Basics and Zurich Commitment, the Group D&I strategy is focused on fostering a culture of inclusion to retain, develop, empower and attract a diverse workforce. Maximizing our people and workplace practices throughout the employee life cycle and ensuring the commitment and accountability of our top management is critical to our success. This global approach provides direction and alignment while enabling flexibility at a country level to develop actions suitable to the local context.

Zurich has also increased its efforts to be more transparent and supportive of diversity. For the first time, we included a section on D&I in the Annual Review. There are three women on our 11-member Board of Directors.

In Q1 2012, Zurich introduced a global employee engagement activity to learn directly from our employees what they think we currently do well, and how we can make Zurich an even better place to work today and in the future. We worked with an external consultant to ensure open and honest dialogue through this independent facilitation. A variety of interactive activities were undertaken such as employee focus groups and senior leader interviews in several locations including Dubai, Buenos Aires, São Paulo, Zurich and Hong Kong.

In addition, a global D&I survey was conducted with a random sample of our people from 25 countries with an excellent 84 percent response rate. Results included 87 percent of employees agreeing with the statement that "I consider Zurich to be a diverse organization;" 62 percent agree that Zurich is an employer of choice for diverse talent; and 63 percent believe that Zurich's leadership is committed to D&I. Our people were also keen to share their opinion on what action we should take to better support D&I, such as clearly defined steps for career progression, offering a range of customized career options, encouraging formal and informal mentoring and sponsorship and expanding flexible work options.

In Q2 2012 we seized the opportunity to raise all employees' D&I awareness, understanding and knowledge. We did this when we re-launched the mandatory Zurich Basics e-learning training module by integrating specific scenarios relating to equal opportunity in the workplace. Likewise, to best support our employees and leaders we piloted Unconscious Bias training with a Human Resources Leadership Team. This program challenges perceptions and mindsets to remove barriers that stand in the way of an inclusive culture and ensure we retain, attract and empower a diverse workforce.

Also, in 2012 our external commitments supporting D&I included sponsorship of events such as Fortune's Most Powerful Women Summit and Business Insurance's Women To Watch, and promoted some of our role models through awards such as the Diversity Journal's Women Worth Watching, in which our Chief Investment Officer was recognized.

### Speaking up and reporting concerns

Zurich encourages employees to speak up and report conduct that they, in good faith, believe violates laws, regulations, internal policies or Zurich Basics. Please refer to page 4 for details.

### Corporate customers and suppliers

In working with Zurich's corporate customers and suppliers, we endeavor to promote these labor principles within our sphere of influence. Please refer to pages 4 and 5 for details on how we aim to manage corporate responsibility risks in business transactions and the supply chain.



**Environment****PRINCIPLE 7**

Businesses should support a precautionary approach to environmental challenges

**PRINCIPLE 8**

Businesses should undertake initiatives to promote greater environmental responsibility

**PRINCIPLE 9**

Businesses should encourage the development and diffusion of environmentally friendly technologies

**Our commitment**

Zurich recognizes that environmental protection is integral to sustainable value creation for both our company and society. Zurich's policy is to manage environmental risks and opportunities as effectively as possible through the progressive integration of environmental considerations throughout its business, and to minimize its direct and indirect environmental impact through continuous improvement in environmental performance.

**Actions and outcomes****Environmental Policy**

Zurich Group's Environmental Policy was first formulated in 1998 and revised in 2009. The policy is currently under review and an updated version will be available in Q4 2013. The current policy is available on [our website](#).

*Highlight*

As of December 2012, we exceeded our goal and reduced carbon emissions per employee by 17 percent.

**Environmental footprint**

Zurich remains mindful of its environmental impact. In 2008 we set the goal of reducing carbon emissions per employee by 10 percent by 2013 (baseline 2007). As of December 2012, we had exceeded this target, lowering carbon emissions per employee by 17 percent.

This was achieved by:

1. Implementing energy efficient measures at our buildings, for example, new lighting and better use of office space
2. Substituting energy from fossil fuels with alternatives from renewable sources
3. Reducing air travel and increasing use of telecommunications, such as tele-presence and audio and video conferencing
4. Changing Zurich's fleet by shifting to more fuel-efficient vehicles.

During 2013 Group Operations began working on setting new environmental targets and implementing a Group-wide environmental management system, which will build on and integrate existing activities throughout the Group. Besides reducing our global carbon footprint, the new system will also address other areas of environmental impact in our office buildings, mainly paper use, water consumption and waste generation.

In January 2013, Zurich appointed a new Group Head of Environmental Performance to integrate and drive environmental sustainability efforts across the Group. In addition, a network of environmental managers has been established around the globe to collect environmental data and drive local environmental improvements.



## Actions and outcomes *continued*

### Green products and services

We are helping the transition to a low carbon economy by providing tailored insurance solutions. Some of the ways we have achieved this recently include:

- **Electric vehicles:** We have introduced electric car insurance in Ireland, Switzerland, Germany and Spain. These are among the first customized electric vehicle insurance products and they support the move toward more environmentally friendly transportation. In Germany, Zurich provides additional accidental damage cover for batteries used in electric cars, commercial electric vehicles, and electric bicycles and in Switzerland, Ireland and Spain, Zurich offers insurance discounts. In Ireland and Spain, Zurich innovatively addresses the fear of running out of electricity mid-journey by providing tailored breakdown assistance for our electric car customers. For example, we offer to tow their electric cars for free to the nearest charge point, if needed. Zurich is also a member of Green eMotion, the largest EU-funded transport research project, which aims to accelerate the growth of the European market for electric vehicles.
- **Renewable energy:** Zurich covers many renewable energy construction projects around the world. For example, Zurich North America insures the 'Desert Sunlight' project and a large new solar project in California. The Desert Sunlight construction is one of the largest photovoltaic solar farm projects in North America, and Zurich is providing coverage of builder's risks. When complete, the farm will convert sunlight to electricity, providing enough clean, affordable energy to power approximately 160,000 California homes and displace 300,000 metric tons of greenhouse gas emissions per year – equivalent to taking 60,000 cars off the road. In Italy, Germany and Switzerland, Zurich provides customized coverage for private home owners to build renewable energy facilities, such as photovoltaic, solar thermal, biomass and geothermal installations.

### Responsible Investment

In 2012, Zurich formulated a strategy for Responsible Investment and became a signatory of the Principles for Responsible Investment (PRI). Environmental challenges are addressed in each of the three pillars of Zurich's Responsible Investment approach.

Environmental, social and governance factors materially impact risk and return. Integrating these factors into the investment process, across asset classes and alongside traditional financial metrics, forms one pillar of our Responsible Investment strategy. A fully integrated environmental, social and governance approach is currently being piloted by three of Zurich's largest in-house asset management teams. We are also piloting a sustainability approach for the Real Estate portfolio in Switzerland, in which over 45 percent of the Group's real estate assets are held and managed. The objective of this approach is to reduce the carbon footprint of the portfolio by 20 percent by 2020 (from a 2010 baseline). Over 90 percent of assets managed by external asset managers are managed by PRI signatories. We are actively engaging with these asset managers to make sure environmental, social and governance factors are becoming fully integrated in the management of Zurich's mandates.

As part of a second pillar, Zurich is dedicating resources to active collaboration with the investment community. We are currently a member of the ClimateWise low carbon investment collaboration group, as well as a founding member of the Green Growth Action Alliance, co-leading the Alliance's institutional investor working group.

Impact investments form the third pillar of our Responsible Investment strategy. Zurich is seeking to identify investment opportunities that support sustainable economic development by delivering a tangible and measurable impact on local communities and the environment. As part of this pillar, Zurich has started investing in Green Bonds. The impact of projects funded by Green Bonds is reported publicly by issuers such as the World Bank.

More details about Zurich's Responsible Investment strategy can be found in our Responsible Investment Position Statement, which is available on [our website](#).

## Actions and outcomes *continued*

### Highlight

In March 2013, Zurich announced an up to CHF 21 million five-year alliance with the International Federation of Red Cross and Red Crescent Societies (IFRC).

### Understanding catastrophe risk

In order to achieve our mission of helping our customers understand and protect themselves from risk, we cultivate expertise over a variety of risks and then share that expertise widely.

Natural catastrophes are a threat to which we can apply such expertise. Our activities range from helping customers assess and mitigate catastrophe risks before they strike to rebuilding and implementing higher safety and sustainability standards in the aftermath of these events. In 2011, our catastrophe management team established a dedicated function to help corporate customers estimate their exposure to catastrophe risk, assess potential losses, and identify where they have risk accumulations by regions and/or perils. Such reviews encourage catastrophe risk awareness and preparedness, spur improvements to risk management practices and insurance structure (including captive cover), promote business continuity plans, and mitigate losses when catastrophes strike. We are seeking to promote better flood maps for customers, while using our underwriting and risk expertise in the area of flood resilience.

### Flood resilience

Natural disasters represent one area where we can leverage our expertise to make a significant difference in helping our customers understand and protect themselves from risk. As populations increase and the way people live and work changes, vulnerability to natural disasters has increased. These events take a heavy toll in terms of human lives and economic losses, and the costs have increased overall, driven by factors such as climate change and urbanization. We offer our expertise to non-profit organizations to make communities stronger and more resilient in order to better cope with such disasters. One example of this is our flood resilience program. Floods affect more people globally than any other type of natural disaster and are responsible for some of the largest economic, social and humanitarian losses. Floods are expected to have a growing impact due to natural factors, such as the increase in extreme rainfall events and rising sea levels, as well as human factors such as population growth and the number of homes and businesses in areas exposed to flooding. In March 2013, Zurich announced an up to CHF 21 million five-year alliance with the International Federation of Red Cross and Red Crescent Societies (IFRC). Zurich employees with relevant skills will have the opportunity to invest an average of 500 working days per year in the alliance. The five-year commitment will serve as the foundation of Zurich's global flood resilience program, which aims to enhance community flood resilience by finding innovative ways to increase the impact of disaster risk reduction efforts at community, national and global levels. This alliance allows us to contribute our insurance and risk expertise, as well as investment capital. In this way, we hope to have an even greater impact on communities around the world that are at risk from floods.

Mexico has been selected as the first country to be part of this alliance program. In March 2013, a joint risk assessment was conducted by the Mexican Red Cross, Zurich Mexico, the IFRC and Zurich in the flood-prone region of Tabasco. Following this assessment, the alliance is now working on identifying local communities that will participate in the program, and developing an implementation plan that will enhance communities' knowledge and resources to reduce their vulnerability to flooding.

In addition, we are working in Nepal with our chosen humanitarian and development organizations, IFRC and Practical Action, to jointly develop more effective community-based disaster risk reduction approaches with a focus on flood resilience.

One example of how we already address community flood resilience is the 'From Vulnerability to Resilience: Household Preparedness' project in Bangladesh. The Zurich Foundation supports this five-year project, run by the development organization Practical Action. The project, now in its final year, works directly with 2,000 very poor households and indirectly with an additional 6,000 families. Its aim is to increase the resilience of these communities against disaster by equipping them with the skills, knowledge and technologies they need to better manage the risks they face, as well as ensuring they are able to grow enough food to eat all year round. Preparation for flood disasters is a major focus.

**Anti-Corruption****PRINCIPLE 10**

Businesses should work against corruption in all its forms, including extortion and bribery

**Our commitment**

Zurich is committed to fair and responsible business and prohibits all forms of bribery or corruption, and any business conduct that could create the appearance of improper influence. Our commitment to anti-bribery and anti-corruption is articulated in the Zurich Basics.

**Actions and outcomes****Anti-Bribery and Corruption framework**

In 2013, Group Compliance issued the revised Anti-Bribery and Corruption (ABC) policy using an enhanced implementation model. This model allows for a locally focused but globally conscious Anti-Bribery and Corruption mitigation programme supported by appropriate and proportionate procedures. The ABC policy and supporting framework have been further enhanced to ensure alignment with the U.S. Foreign Corrupt Practices Act (FCPA), UK Bribery Act, Aon & Willis Final Notices and other cases and guidance, and prepares Zurich to meet internal and external expectations, today and in the future. The policy applies to all our employees worldwide and controls risks relating to Zurich's 'associated persons' (individuals or entities who perform services for or on behalf of an organization).

The revised ABC framework introduces a focused local risk assessment, which targets more exposed functions and provides for the recording of effective local solutions. It continues to mitigate the risk of outgoing payments to third parties, especially to brokers, consultants and other intermediaries, for the purpose of acquiring or maintaining business. It helps the business to identify unusual payments and implement appropriate controls. It also lays out procedures for reviewing and recording gifts, entertainment and other advantages. The policy and guidance outlines the requirements for associated persons due diligence before commencing the relationship and on a risk-based approach throughout the relationship.

Every country is required to complete a Risk Driver Evaluation to identify Inherent ABC risks by exposed function. Each function within the assessment has reviewed their country of domicile and the countries that they deal with. For this assessment the Transparency International Corruption Perception Index (TICPI) country rating scale has been used.

*Highlight*

Zurich strengthens its anti-bribery and corruption framework.

The ABC policy establishes a common framework and shared expectations for enforcement and at the same time empowers local compliance officers. Local compliance professionals make the key decisions and are accountable for adapting and applying the framework to their own business, operational, and regulatory environments. The framework includes a simple and practical local standard that provides Zurich's employees with clear and relevant guidelines in a format and language that they can easily understand. The policy outlines the minimum required management information including reporting key performance indicators, for example, information about a potential bribery and corruption incident and monitoring requirements for the ABC framework as well as expectations for reporting to boards and committees.

**Speaking up and reporting concerns**

Zurich encourages employees to speak up and report conduct that they, in good faith, believe violates laws, regulations, internal policies or Zurich Basics, our code of conduct. Please refer to page 4 for details.

Zurich, 18 July 2013