

## Corporate responsibility highlights 2016



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Corporate responsibility (CR) is integrated into Zurich's strategy. We aim to create sustainable value for all our stakeholders, in line with our values as set out in Zurich Basics, our code of conduct.



### About Zurich

Zurich is a leading multi-line insurer that serves its customers in global and local markets. With about 54,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.

To read about how CR fits into our Group Strategy, please refer to our 2016 Annual Report.  
<https://annualreports.zurich.com/2016/en/annual-report/>

### Our cover

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

### Contents

CR at Zurich	3
CR management framework	3
Focus on our people	3
External commitments and indices	4
United Nations Global Compact Living up to our commitment	5
Enhancing community flood resilience	6
Investing our Group assets responsibly	9
CR in business transactions – mitigating environmental, social and governance risks in underwriting	11
Anti-bribery and anti-corruption	11
Investing in our local communities	12
Environmental performance	13
Climate change	14
Health and safety in our office buildings	14
Responsible sourcing and procurement	15
United Nations Global Compact	16
Independent assurance report	17
GRI Standards Index	19

### Further information

Please visit [www.zurich.com](http://www.zurich.com)  
Email: [corporate.responsibility@zurich.com](mailto:corporate.responsibility@zurich.com)

This report provides information on some of the key areas where Zurich made progress in corporate responsibility in 2016, including our continued commitment to the United Nations Global Compact. To read more about our approach to corporate responsibility and related activities, please refer to our CR pages on <https://www.zurich.com/en/corporate-responsibility>



Insurance creates value for society. It allows people and businesses to protect themselves from risk and helps them become prosperous and resilient. Risks are becoming more complex as a result of climate change, globalization, urbanization and technological development.

Insurers are increasingly expected to use their core skills to help communities and society become more resilient to interconnected risks, including natural hazards. The premiums we invest in capital markets also help to finance businesses and projects that are important for society. Corporate responsibility is an integral part of Zurich's strategy. By acting responsibly in everything we do, we aim to create sustainable value for all our stakeholders.

## CR at Zurich

For Zurich, corporate responsibility is at the heart of our culture. It produces sustainable value for our customers, employees, shareholders and the communities where we work and live. We are proud of what we achieved in 2016. We continued to help communities reduce flood risk together with members of the Zurich flood resilience alliance. Our investments in green bonds have grown substantially, from USD 870 million in 2015 to USD 1,393 million in 2016. Our community investment increased from total cash contributions of USD 22.6 million in 2015 to USD 29.6 million in 2016. And Zurich achieved its highest ever score in the Dow Jones Sustainability Index. Zurich's approach to proactively address environmental, social and governance factors as part of our day-to-day business activity also supports several of the United Nations Development Goals (SDGs).

### CR management framework

The Executive Committee and the Board take an active role in overseeing and implementing our approach to corporate responsibility (CR). The Governance, Nominations and Corporate Responsibility Committee, a standing committee of the Board, reviews and approves the Group's CR strategy and objectives.

A CR Working Group, set up by the Executive Committee, ensures that we achieve our CR objectives. The Working Group comprises senior representatives from across the business and is chaired by the Chief Executive Officer, Europe, Middle East & Africa.

A key aim is to embed responsible decision-making and actions into everything we do. To ensure accountability, each of our CR focus areas is assigned to an executive member. The relevant business units and Group functions determine the approach and method for delivering the agreed-upon objectives.

Zurich has established a strong foundation for corporate responsibility. To achieve greater integration in our business, we have aligned our CR planning cycle with the strategic cycle of the Group. Going forward, we will focus on supporting our business objectives, by having a greater impact and working more closely with our businesses. During 2016 we defined more specific objectives, key performance indicators and plans.

### Focus on our people

We want to give people equal opportunity to deliver, and we aim to compensate our people fairly through pay, promotions and opportunities.

To support these aims, in 2016 we introduced our 'Global Job Model,' which provides our employees with access to their role profiles and career levels, and gives clear information about what is expected in their role and career options, making it easier for them to build successful careers at Zurich.

By reflecting the diversity of our customers we can best meet their needs. And by recognizing our peoples' individuality we achieve better business results, while creating an environment that allows all our people to feel motivated, valued and able to excel. To foster our aims, we became the first global company in the insurance industry to receive 'EDGE' (Economic Dividends for Gender Equality) certification.

Our decision to apply for EDGE certification demonstrates our aim to improve gender equality within all areas of our business, starting in 2015 with Germany, Hong Kong, Italy, Spain, Switzerland and the UK. Building on our success, in 2016 we received certification in Australia, Austria, Brazil, Ireland, Japan and Mexico. These 12 businesses represent over 28,000 employees.

We believe encouraging new talent is the best way to ensure strong leadership for the future. With that in mind, in 2016 we introduced Zurich Oxygen, a comprehensive program to develop leadership skills among our employees. All our managers took part in this program in 2016. Over 6,500 people managers, from line managers to country CEOs, also participated in over 120 one-day events to help them better understand the skills good managers need.

Read more in Our people 2016 report on <https://www.zurich.com/en/corporate-responsibility/doing-business-responsibly/our-people>

## External commitments and indices

Zurich became a signatory of the United Nations Global Compact in July 2011 and a signatory of the Principles for Responsible Investment (PRI) in July 2012. For both, we report annually on the progress we have made. In the 2016 Dow Jones Sustainability Indices (DJSI) Review, Zurich achieved its highest score of 85, outperformed 97 percent of other companies in the insurance industry group and received the 'silver class' distinction. Zurich is a member of the DJSI World and DJSI Europe Indices.

Zurich has submitted a CDP response annually since 2004. CDP, formerly the Carbon Disclosure Project, is an international, non-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. In 2016, Zurich achieved a score of 'B' in our Climate Change 2016 response.

Zurich has been a constituent of the FTSE4Good Index Series since the Index was introduced in 2001. Zurich is also a constituent of the MSCI Global Sustainability Index Series.

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





## United Nations Global Compact

### Living up to our commitment



#### Statement of continuing support

Zurich became a signatory of the United Nations 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 Zurich Basics, our basic values and code of conduct, and all Zurich employees are expected to live up to both.

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 embracing, supporting and enacting these principles within our sphere of influence, and we will regularly communicate on our progress.

#### Mario Greco

Group Chief Executive Officer,  
Zurich Insurance Group

See page 16 for United Nations Global Compact – links to relevant information on our website.





## Enhancing community flood resilience

Floods affect more people globally than any other natural hazard. Addressing the underlying problems related to floods is more efficient and cost effective than simply providing relief after floods have occurred. Flood resilience is a complex issue and tackling it demands a multi-stakeholder approach. Zurich's flood resilience program has brought together an alliance of community, academic and private sector members. In recognition of our collaboration model between humanitarian, academic and private sectors, and for our approach to flood resilience, we have received various prizes since the program was established in 2013.

### Zurich invests in the Water Window

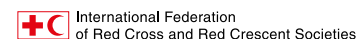
In 2016, Zurich and the Global Resilience Partnership launched a Global Resilience Challenge called the Water Window, a grant-based competition that identifies and develops locally-driven innovations and high-impact solutions to improve water resilience. To test new and innovative ideas we offered 'seed grants' of up to USD 250,000, and for ideas that were already shown to work, to expand their impact we offered 'scale grants' of up to USD 1 million. The competition took place during March and April 2016 and attracted over 300 applications. We vetted and assessed more than 140 entries that were shortlisted for further development. In November 2016 we awarded seven seed grants and four scale grants that will be implemented over 2017-2018.

Zurich is the Global Resilience Partnership's first private-sector member, and it provides an investment of USD 10 million from the Z Zurich Foundation.

### Members of our flood resilience alliance



Action research and modelling to improve knowledge about floods



Global influence and scale to reach the most vulnerable communities



Technical innovation to understand the impact of climate change on floods

#### Community members:

- The International Federation of Red Cross and Red Crescent Societies (IFRC)
- Practical Action, UK

#### Academic members:

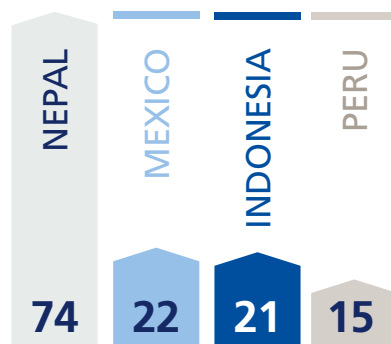
- The Wharton School, University of Pennsylvania
- The International Institute of Applied Systems Analysis (IIASA), Vienna

**Zurich works within this alliance to ensure that the knowledge and ideas it generates fit the needs of local communities, and that these ideas can be put into practice.**

## Action at a community level

Our five-year alliance with the IFRC began its work in 2013 and has continued its efforts in 2016 in communities in Mexico and Indonesia. In Mexico, the focus is on flood-vulnerable clusters of communities in Tabasco, where standing flood waters of the Usumacinta river affect areas for months at a time. Throughout 2016 we worked with 22 communities in Tabasco to increase their risk awareness and support their selection of interventions to reduce exposure to floods; such efforts include ways to enhance the livelihoods of people living in the communities, helping them secure income during floods, building multi-purpose community centers that can also serve as emergency shelters, and improving the safety of water supplies and sanitation systems. In 21 communities in West and Central Java, Indonesia, where flood risk is high due to the prevalence of flash floods and poor river basin management, we focus on developing innovative waste management and reforestation projects, establishing flood early warning systems, and work to demonstrate how certain methods and practices upstream can influence flooding in downstream communities.

Work in Nepal and Peru is being carried out through our five-year alliance with Practical Action. In Nepal, we work in 74 communities in the Karnali river basin to strengthen early warning systems and improve livelihoods to make communities better able to withstand the threats posed by floods. This includes training farmers in alternative farming practices, and setting up local knowledge centers to increase flood awareness. In Piura and the Rimac river basin in Peru we are working with 15 communities to improve evacuation routes and emergency plans



Number of communities worked with

for use during floods. Practical Action have also enhanced their 'Vulnerability to Resilience (V2R)' program in 15 communities in Bangladesh, sharing learning from their efforts in Nepal and Peru with this initially Zurich funded program. We also help the communities to develop support teams to prepare for the impact of events related to El Niño and support them in working with local governments to reduce disaster risk.

## Generating knowledge to build scale

In 2016, our research alliance with two academic research institutions, Wharton and IIASA, produced valuable insights about risk related to insurance. In New York communities affected by Superstorm Sandy, Wharton found that perceptions of vulnerability to climate-related risks like flooding from hurricanes influenced peoples' willingness to buy flood protection. Wharton also established links between the U.S. flood community rating system and the Zurich

alliance's 5C-4R flood resilience measurement framework. The 5C model uses the 'five capitals' described in the UK's Department for International Development (DFID) 'sustainable livelihoods framework' (SLF). The 4R model developed by the Multidisciplinary Center for Earthquake Engineering Research (MCEER) at the University of Buffalo in the U.S. proposes that a system has four properties that determine resilience.

In October 2016, an article published by IIASA in the respected journal *Science* looked at issues related to climate change, including 'climate justice,' a term used to describe the fact that vulnerable, especially developing nations that produce fewer emissions than established economies are often the most at risk from the impacts of climate change. The article explored the idea that international finance mechanisms like 'climate risk insurance' could augment efforts to increase long-term resilience, for example, by helping poorer at-risk countries to counter the risk of rising sea levels.

Zurich significantly enhanced its post-event review capability (PERC) in collaboration with the Institute for Social and Environmental

*In 2016, our research alliance with Wharton and IIASA built upon earlier research findings and delivered further insights about the behavior of people at risk from flooding.*

Transition (ISET), publishing a review of floods in the U.S. state of South Carolina. It also published, together with the JBA Trust, a review of flooding caused by Storm Desmond in the UK. Separately, IIASA, by analyzing all PERC findings to date, established that our work has broad, general relevance, and the learning and expertise we gain can be applied to a global context.

We have continued to make important progress in developing and verifying our own flood resilience measurement framework. It is based on contributions from all the flood resilience alliance members and four additional community organizations (Academy of Sciences in the U.S., Concern





Worldwide with programs in Afghanistan and Haiti, Plan International in Nepal and Mercy Corps in Indonesia, Nepal and Timor-Leste).

All these organizations tested the tool in their flood-related community programs in 2016. They are now analyzing results to find ways to build resilience that are owned by communities. In many cases, these will be scalable and can be replicated in other programs around the world. This will allow all our alliance member organizations to share the information they gain, and use it widely to increase flood resilience.

### Measuring resilience

Since the flood resilience program was set up, members of the flood resilience alliance have been working together to gain a thorough understanding of what contributes to a community's resilience to floods. This will allow us to design more effective ways to address the related issues, and also to measure the impact they have. We began the work of implementing our flood resilience tool in 2016 after providing training for all our community partners using the tool. This is the first practical application of a measurement framework for resilience.

Throughout 2016, the tool was used in dozens of communities. The data it has provided will allow us to measure and test the tool's effectiveness. Responses from those using it has been positive so far. The research institutions we collaborate with have helped us to validate the approach, communicated findings with the scientific community and published initial results. This has made it possible to conduct more in-depth analyses. The process has also led to more 'holistic' solutions, which encourage actions to reduce risk longer term, as opposed to quick fixes that may fail to produce sustainable results. As part of our work, we have created a peer group that shares findings and information, results and ideas. This will help us to further develop the tool in 2017.



### Engaging Zurich's people

Zurich's approach to building our flood resilience alliance goes beyond providing financial contributions. We also aim to make best use of the skills of Zurich's employees. In 2016 five Zurich employees worked on projects with our alliance members. Their contributions included helping Practical Action in Nepal to revitalize its approach to business and resource planning. Practical Action will replicate the approach in all of its offices. Our employees also provided support to implement a measurement tool in Indonesia with Mercy Corps; developed a revised human resources strategy for Practical Action globally; and carried out an assessment to identify opportunities for further projects with the Red Cross in Mexico. In addition, Zurich volunteers in Mexico and Indonesia added more than 200 additional days of support to projects in these countries, supplemented by full-time project managers, totalling over 700 days. We also provided significant in-kind contributions, using Zurich's risk engineering and flood risk management expertise provided by Zurich employees who were made available to the program on a part- or full-time basis.





## Investing our Group assets responsibly



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

- **ESG integration** – besides examining financial performance, we also assess the environmental, social and governance (ESG) 'performance' when analyzing individual investments and investment managers. We take these assessments into account when we decide whether to buy or sell assets.
- **Impact investing** – we fund institutions or projects that, besides generating a safe, adequate return, have a targeted and measurable positive impact on the environment or society.
- **Advancing together** – responsible investing is a story that is still being written. We are helping to write it, together with a broad group of stakeholders.

Over the course of 2016 we made further progress in applying our approach.

### Highlights in 2016

**Impact Investing:** Our investments in green bonds grew substantially in 2016 from USD 870 million in 2015 to USD 1,393 million. Green bonds provide capital exclusively used to finance projects with environmental benefits. We currently hold 89 green bonds in our portfolio, supporting green projects ranging from renewable energy generation to sustainable real estate or energy efficiency improvements. We also continue to support the growth and development of the green bond market beyond our financial investments, for instance, as co-chair of the Green Bond Principles initiative.

Investments in social and sustainability bonds, which provide financing to projects and activities aimed at social issues beyond climate change, have also grown, from USD 55 million to USD 199 million, including a market-leading private transaction with a major European municipality.

**ESG Integration:** We are continuously amending legal agreements with our external asset managers to explicitly require responsible investment practices; over 60 percent of investments designated to be in scope of our ESG integration approach are now covered by Investment Management Agreements referencing ESG integration.

We have updated our proxy voting policy. While most of our equity investments are managed externally, we have now put in place all necessary policies and procedures to actively exercise our voting rights as a shareholder for the remaining equity investments managed internally.

### Responsible investment KPIs

	2016	2015	Change	2014	2013
External asset managers who are signatories to PRI (%)	74.1%	70.4%	3.7 pts	67.9%	58.3%
Group assets managed by PRI signatories <sup>1</sup> (%)	98.2%	98.1%	0.1 pts	98.8%	95.1%
Total amount of impact investments <sup>2</sup> (USD millions)	1,697	1,031	65%	667	236
Total Group investments (USD millions)	189,808	191,238	(1%)	204,860	207,280

<sup>1</sup> Including assets managed by Zurich.

<sup>2</sup> Impact investments 2016 consist of USD 1,393m green bonds, USD 105m investments committed to private equity funds (thereof: 28% drawn down) and USD 199m other impact use-of-proceed bonds.



**Advancing Together:** We believe it's critical to engage all market participants in a dialogue on responsible investment. Over the course of 2016, we led conversations about responsible investment with all of our external asset managers; engaged with policymakers and regulators on the topic of green finance; encouraged banks to integrate sustainability assessments in their research; and spoke at 28 industry events.

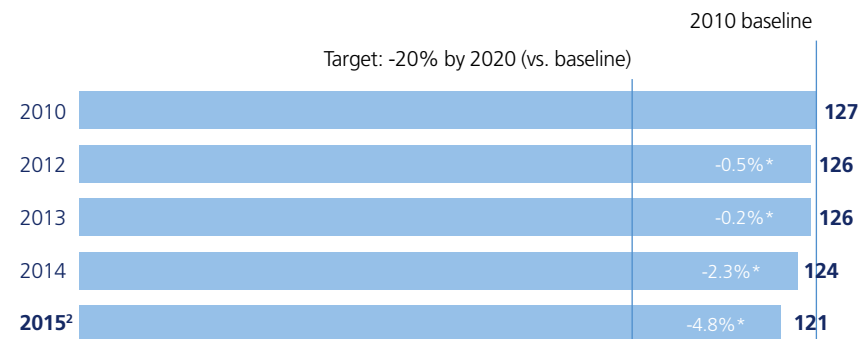
We also remain actively involved in nine industry initiatives, such as the Investment Leaders Group (ILG), which we joined as a founding member in 2013. In 2016, the ILG published three influential reports on climate risk, long-term investing and impact reporting, and we actively contributed to all of these. Read more at <https://www.zurich.com/en/corporate-responsibility/responsible-investment>

Our responsible investment approach was recognized by fellow German, Austrian and Swiss institutional investors with the Institutional Investor Institute Peer-to-Peer Award for 'Best ESG Programme' in 2016.



### Impact of real estate investment

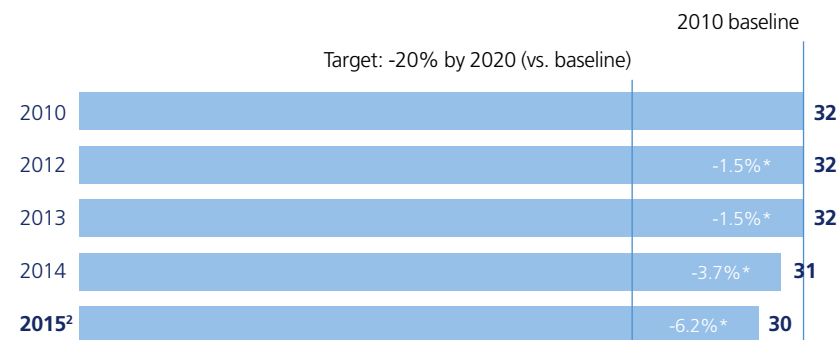
Energy consumption<sup>1</sup> (kWh per sqm)



\*Total change vs baseline

### Impact of real estate investment

CO<sub>2</sub>e emissions<sup>1</sup> (kg per sqm)

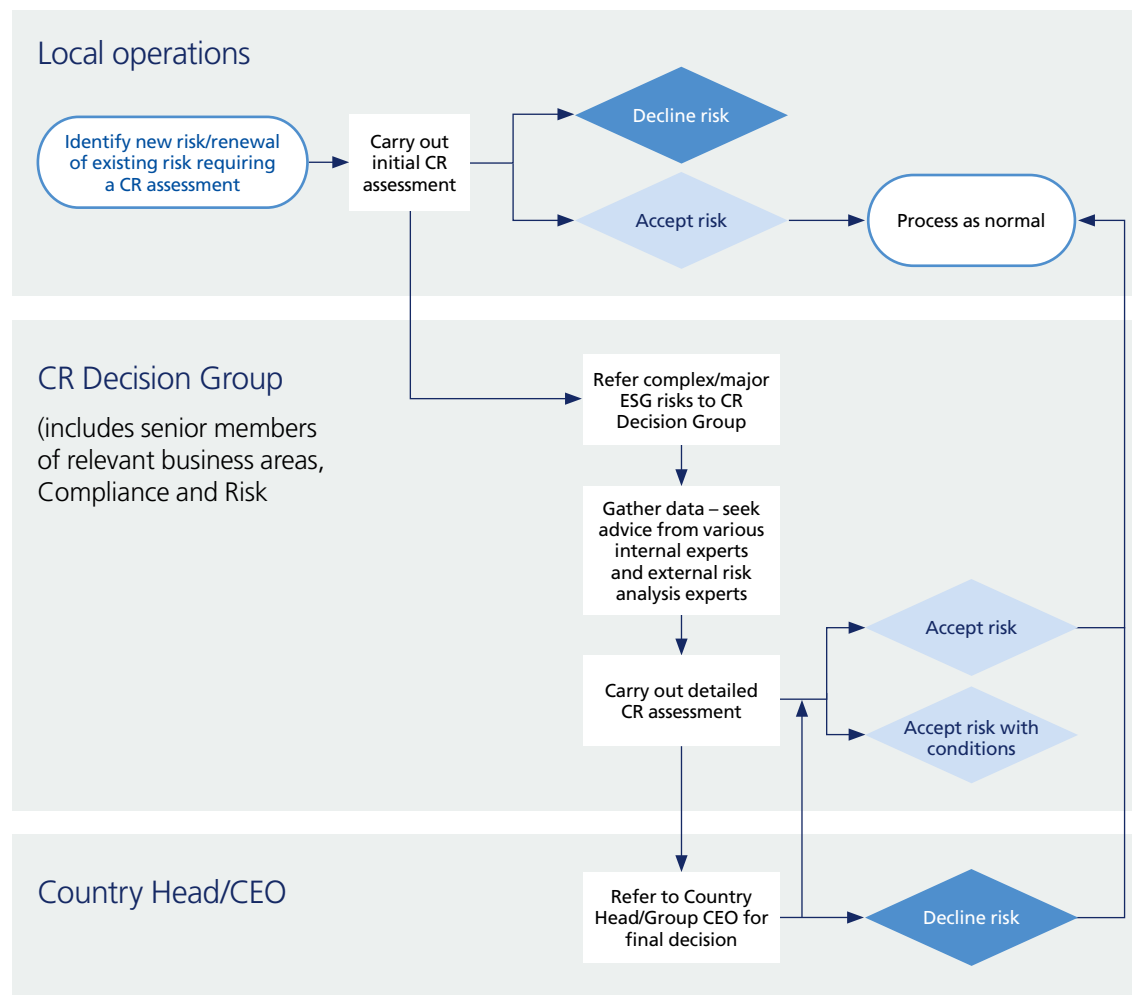


\*Total change vs baseline

<sup>1</sup> Scope includes real estate investments in Switzerland (54% of global direct real estate investment value). Buildings in the real estate investment portfolio are largely not used by Zurich. The environmental footprint of Zurich's own-use real estate is reported in Zurich's environmental section. The data are based on meter readings and energy supplier information and are heating degree adjusted. The heating degree adjustment methodology was further refined resulting in retroactive adjustments of the prior year information (2014, 2013, and 2012) as well as the 2010 baseline information.

<sup>2</sup> Impact of real estate investment data 2016 will be available in Q1 2018.

## CR in business transactions – mitigating environmental, social and governance risks in underwriting



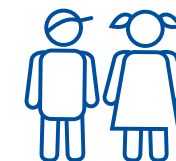
### Highlights in 2016

Zurich uses a three-step approach that systematically detects, assesses, and mitigates major environmental, social and ethical risks inherent in specific business transactions. This is part of the local underwriting process. Concerns about risks can be escalated to a Corporate Responsibility Decision Group to assess sensitive or complex corporate responsibility risks and provide direction as to the appropriate mitigation actions. This group includes senior members of relevant business areas, Compliance and Risk. We track and analyze the outcome of risk assessment and risk mitigation efforts.

Using our proprietary risk-profiling methodology, we have prioritized four key areas of concern. The first is banned cluster munitions and anti-personnel land mines. In these areas, we have decided not to engage in new business and to raise the issue of ESG risks with existing customers. The other areas of concern are dam construction, mining, and oil and gas activities, where we are closely screening governance, human rights and environmental risks. Zurich tracks and monitors volumes and types of corporate responsibility risks in business transactions internally within the Group and externally with a third-party 'risk radar' expert. Significant changes in ESG performance can be monitored and assessed accordingly.

In addition, using tools such as the Zurich Risk Radar and the Emerging Issues 7 Step process, Zurich's global and interdisciplinary Emerging Risks Group (ERG) analyzes potential risks, including those related to environmental, social or climate issues.

Besides the existing training Zurich provides on these topics, in 2016 Zurich introduced a new online training program for our underwriters on child labor, and forced and compulsory labor.



### Anti-bribery and anti-corruption

Zurich is committed to fair and responsible business and prohibits all forms of bribery or corruption, and any business conduct that could create the appearance of improper influence. Zurich's anti-bribery and anti-corruption Group policy sets out our global framework addressing the common areas of risk and includes the requirement for local compliance functions to appoint an anti-bribery and anti-corruption officer; complete a focused anti-bribery and anti-corruption risk assessment; identify and record appropriate mitigating processes within the business; and embed appropriate management information, key performance indicators, reporting and monitoring processes. This policy was revised in April 2016.



## Investing in our local communities

### Highlights in 2016

- The Z Zurich Foundation continued to support Zurich's flood resilience program. Launched in 2013, this global program takes an innovative approach that combines academic insights, humanitarian sector capabilities and our own skills and knowledge to enhance community resilience to flooding.
- The Z Zurich Foundation seeks to support people and communities in building a better, more resilient future. Our Local Grants Program gives Zurich offices an opportunity to apply for funding to support local long-term community investment initiatives to address some of society's biggest challenges. In 2016, the Foundation supported youth empowerment programs in Spain, Morocco, Sweden and Germany; mental health initiatives in Bermuda and Ireland; disaster resilience initiatives in North America and Mexico; a campaign to end homelessness in Canada; and a health and nutrition program for children in Malaysia.
- Zurich's fifth annual Global Community Week took place between May and July 2016, enabling employees to celebrate and build on support they already provide to their local communities. During the week-long events, employees volunteered over 44,200 business hours, more than 3,000 of which were skills-based. Our experience indicates that a large majority of non-profit organizations struggle to access the operational capacity-building services they need. Thus, skills-based volunteering has become an area of major focus for Zurich employees seeking to make contributions of time and



knowledge. For example, in France Zurich employees provided an employability skills workshop for young people who have dropped out of school. The program led to four participants in the program taking on internships in a Zurich France claims team. In Indonesia, employees led emergency simulations in schools to help students better prepare for disasters such as floods. In Slovakia, a Zurich finance team gave financial education lessons to young adults at local schools. More than 32 percent of Zurich's global workforce took part in some form of community work during Global Community Week. Employees donated around USD 650,000 to good causes, which was matched by the Z Zurich Foundation. Around CHF 200,000 was donated as part of the Foundation's volunteer matching scheme.

**Zurich made total cash contributions of USD 29.6 million in 2016 to enhance the lives and livelihoods of thousands of people across the world and help them increase their resilience to the risks they face.**

Global Community Week KPIs <sup>1</sup>					
	2016	2015	Change	2014	2013
Contributions (cash in USD millions) <sup>2</sup>	1.5	1.5	1%	0.8	0.8
of which contribution from employees (USD millions)	0.7	0.6	7%	0.3	0.4
of which contribution from the Z Zurich Foundation (USD millions)	0.9	0.9	(3%)	0.6	0.4
Total time volunteered from workforce (business hours)	44,225	31,040	42%	33,210	28,000
Workforce actively volunteering (% of total headcount)	32.4%	31.1%	1.3 pts	27%	24%
Countries involved	50	45	11%	43	43

<sup>1</sup> All amounts are rounded to the nearest USD 100,000 with the consequence that the rounded amounts may not add up to the rounded totals in all cases.

<sup>2</sup> This year cash contributions made by employees were matched throughout the year, and not just during GCW.

Total community investments <sup>3</sup>					
	2016	2015	Change	2014	2013
Total Community Investment Full Year cash contributions (USD millions)	29.6	22.6	31%	22.7	17.0

<sup>3</sup> Charitable contributions include corporate cash donations only. Contributions cover 100% of our Group's business units and the Z Zurich Foundation. Contributions of the Z Zurich Foundation are valued on a cash-out basis. Excluded are the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group Inc a wholly owned subsidiary of Zurich Insurance Group Ltd, and contributions made by Zurich employees.

## Environmental performance

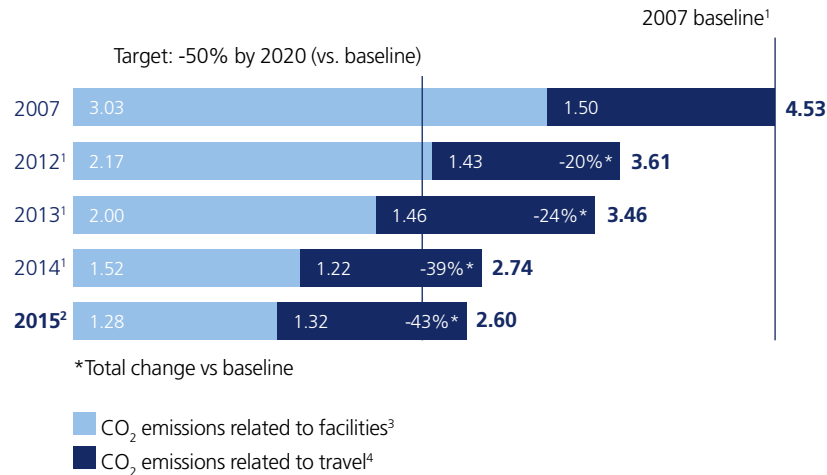
### Highlights in 2016

- Operations in Switzerland maintained ISO 14001 certification with use of the group-wide environmental management system. The system defines the governance and processes necessary to accurately measure and improve Zurich's environmental footprint across all countries in which we operate. This system comprehensively addresses all environmental indicators including emissions from buildings and business travel, as well as paper use, waste generation and water consumption. A global network of environmental managers supports the system's use.
- We aim to reduce carbon emissions generated by our office buildings and business travel by 50 percent per employee, and energy consumption per employee by 40 percent by 2020 compared with a 2007 baseline. At the end of 2015, we had already achieved a 43 percent reduction in carbon emissions per employee and a 33 percent reduction in energy consumption per employee. 2016 data will be available in Q2 2017.



### CO<sub>2</sub> emissions per employee

(tons per FTE)



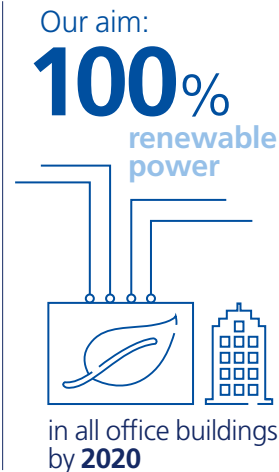
<sup>1</sup> Restated in 2015 following review of air travel emission factors being applied to air travel data, inclusion of data centers into the portfolio, and updated emission factors as per GHG Protocol industry standard.

<sup>2</sup> 2016 data will be available in Q2 2017.

<sup>3</sup> Includes emissions from own-use real estate (electricity and heat).

<sup>4</sup> Includes emissions from air travel and cars (rental cars and car fleet).

- Zurich has been carbon neutral since 2014 and is maintaining this status by purchasing certified carbon credits through the Rimba Raya Biodiversity Reserve project in Indonesia.
- Zurich has set itself the ambition to purchase 100 percent renewable power in all of its office buildings by 2020, where economically viable. Currently, more than 40 percent of Zurich's power already comes from renewable sources and Austria, Germany, Ireland, Italy, Portugal, Spain, Switzerland and the UK all source at least 80 percent certified renewable energy.
- Zurich continues to achieve efficiency gains in our daily operations for example, we are replacing multi-functional devices with more energy-efficient equipment in North America and Europe.



Zurich's new North American headquarters in Schaumburg, Illinois was awarded the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Platinum certification, its highest rating for structures that meet stringent standards of environmental sustainability. The new headquarters is equipped with many sustainable features such as systems designed to maximize natural light and provide high-quality indoor air; access to public transportation and parking for electric and low-emitting vehicles; multiple green roofs that provide insulation to increase energy efficiency, totaling more than one acre; the surrounding landscape includes 637 trees and more than 13 acres of native savannah plantings; walking paths and water features; and rainwater is harvested and re-used. In addition, this facility consumes green power through purchasing renewable energy credits (RECs).

## Climate change

At Zurich, we confront the risks posed by climate change through our insurance business; by helping our customers and communities become more resilient to natural disasters and extreme weather; by offering insurance products to foster sustainable development, through our responsible investment approach; and by reducing our own carbon footprint. Zurich has a cross-functional working group assessing climate risk.

Through a dedicated initiative to help communities become more resilient to flooding, we can offer insights that go beyond our own knowledge and expertise. Zurich's flood resilience alliance brings our experts together with experts in humanitarian organizations, NGOs and academic institutions; this collaborative approach provides a stronger, more effective way to improve communities' understanding of and resilience to flood risks.

As part of our responsible investment approach, we aim to integrate the risks and opportunities associated with climate change, as well as other environmental challenges, into our investment decisions.

We also have a target to reduce greenhouse gas emissions from our Swiss real estate investment portfolio – which accounts for over half of the Group's real estate assets – by 20 percent by 2020 compared with 2010.

Zurich takes steps to reduce carbon emissions from its own operations to help mitigate climate change, reduce energy consumption and conserve valuable natural resources. We have set a Group-wide target to decrease carbon emissions per employee from our office buildings and business travel by 50 percent by 2020 compared with 2007. In addition, through its ambitious internal carbon emissions reduction efforts and by offsetting remaining emissions, Zurich has been carbon neutral since 2014.

CDP is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. Through CDP we provide information on our greenhouse gas emissions, energy use and the risks and opportunities from climate change. Zurich has submitted a response since 2004.



## Health and safety in our office buildings

We have undertaken various actions and initiatives at the local level to promote employee health and wellbeing, such as fitness and healthy food campaigns in Italy, employee sports clubs in Spain and providing health talks from registered medical practitioners in Hong Kong.

Through our global health and safety program we have adopted a systems-based approach to managing health and safety risks in a structured and consistent way. A network of health and safety officers within each country leads the local implementation of the program in collaboration with its leaders. Implementation is tracked as part of the Zurich Operational Risk and Control Framework. This provides assurance that operational risks related to health and safety are properly managed and controlled. Oversight and coordination of the program is provided by health and safety management groups within each country.

We continued to introduce ways to support these aims, including implementation of the global incident management system in North America and the 'Ergo' workstation assessment tool in the UK.

We evaluate performance through a planned schedule of internal inspections and audits to ensure that we are meeting our goals.





## Responsible sourcing and procurement

Zurich ensures that corporate responsibility is an integral part of its sourcing and procurement function by:

- Incorporating appropriate evaluation criteria to assess the goods and services we buy, taking into account environmental, social and governance factors in line with best value and in compliance with relevant legislation.
- Ensuring relevant corporate responsibility clauses are included in contracts with suppliers.
- Developing an understanding of the environmental, social and governance impact on diversity of the goods and services we buy, and by implementing processes to ensure these factors are taken into account on an ongoing basis.
- Reflecting our commitment to promoting supplier diversity. Engaging a wide range of different suppliers gives Zurich the potential to engage the best, most agile and innovative companies.
- Working actively with our suppliers to enhance corporate responsibility performance throughout the supply chain.
- Providing key data and insights to review and improve policies, processes and guidelines for managing corporate responsibility issues in the supply chain.




Employees are required to take into account the economic, social, diversity and environmental impacts of their purchasing activity.

Our work with social enterprises is one example of how Zurich is ensuring its supply chain takes into account corporate responsibility. Zurich in the UK signed up to Social Enterprise UK's 'Buy Social' Corporate Challenge, which commits 10 large UK companies from diverse industries to spend GBP 100 million by 2020 on social enterprise companies. Zurich has attended and supported a number of Social Enterprise's events this year and was nominated for the Social Enterprise Market Builder award. We will communicate the achievements of this program throughout Zurich to encourage a global approach based on this initiative.

### 'Buy Social' Corporate Challenge

Commits **10 large UK companies** from diverse industries to spend **GBP 100 million** by 2020 on **social enterprise** companies.

#### Links to relevant information on our website

-  [External commitments and indices](#)
-  [Enhancing community flood resilience](#)
-  [Investing in our Group assets responsibly](#)
-  [Working with customers](#)
-  [Investing in our local communities](#)
-  [Environmental performance](#)
-  [Climate change](#)
-  [Health and safety in our office buildings](#)
-  [Responsible sourcing and procurement](#)

## United Nations Global Compact

Links to relevant information on our website

### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

-  [Our commitment](#)
-  [Respecting human rights](#)
-  [Corporate responsibility in business transactions](#)
-  [Z Zurich Foundation Annual Report 2015](#)
-  [Global Risks Report 2017](#)
-  [Zurich's role in emerging markets](#)
-  [Sustainable products and solutions](#)
-  [Employees speaking up and reporting concerns \(Zurich Basics pages 6 and 11\)](#)
-  [Suppliers](#)
-  [Health and safety management](#)










### Labor

**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 labor;

**Principle 5:** the effective abolition of child labor; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.












-  [Our commitment](#)
-  [Our people](#)
-  [Employee development and diversity & inclusion \(including key performance indicators\)](#)
-  [Board composition](#)
-  [Employee engagement](#)
-  [Ensuring diversity and a merit-based approach](#)
-  [Employees speaking up and reporting concerns \(Zurich Basics page 11\)](#)
-  [Health and safety management](#)
-  [Suppliers](#)

### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

-  [Our commitment \(Zurich Basics page 12\)](#)
-  [Group environmental policy](#)
-  [Environmental performance](#)
-  [Assurance statement](#)
-  [Flood resilience program](#)
-  [Climate change: Zurich's position](#)
-  [Carbon neutral](#)
-  [Responsible investment](#)
-  [Understanding catastrophe risk](#)
-  [Sustainable products and services](#)
-  [Corporate responsibility in business transactions](#)

### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

-  [Our commitment](#)
-  [Employees speaking up and reporting concerns \(Zurich Basics pages 6 and 11\)](#)
-  [Anti-bribery and anti-corruption](#)
-  [Corporate responsibility in business transactions](#)
-  [Respecting human rights](#)

## Independent Assurance Report on Zurich's 2016 Corporate Responsibility Reporting

To the Executive Committee of Zurich Insurance Group AG, Zurich ('ZIG').

We have been engaged to perform assurance procedures to provide limited assurance on selected consolidated Corporate Responsibility (CR) indicators of ZIG and its consolidated subsidiaries.

### Scope and Subject matter

Our limited assurance engagement focused on the following indicators and information as disclosed in the CR highlights report of ZIG and its consolidated subsidiaries for the financial year ended December 31, 2016:

- a) The 2016 "Responsible investment KPIs" on page 9, the 2015 "Impact of real estate investment" KPIs on page 10, the 2016 "Global community week KPIs" on page 12, the 2016 "Total community investment KPIs" on page 12 and the 2015 "CO2 emissions per employee" KPIs on page 13 ("the selected consolidated CR indicators"); and
- b) The management and reporting processes with respect to the selected consolidated CR indicators as well as the control environment in relation to the data aggregation of these CR indicators.

### Criteria

The reporting criteria used by ZIG are described in ZIG's internal CR reporting guidelines and define those procedures, by which the CR indicators are internally gathered, collected and aggregated.

### Inherent limitations

The accuracy and completeness of CR indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such indicators. Further, the carbon emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. Our Assurance Report should therefore be read in connection with ZIG's guidelines, definitions and procedures on the reporting of its CR indicators.

### ZIG responsibilities

The Executive Committee of ZIG is responsible for both the subject matter and the criteria as well as for selection, preparation and presentation of the information in accordance with the criteria. This responsibility includes the design, implementation and maintenance of related internal control relevant to this reporting process that is free from material misstatement, whether due to fraud or error.

### Our responsibilities

Our responsibility is to form an independent opinion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the CR indicators are not stated, in all material respects, in accordance with the reporting criteria.

We planned and performed our procedures in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) 'Assurance engagements other than audits or reviews of historical financial information' and with ISAE 3410 'Assurance Engagements on Greenhouse Gas Statements'. These standards require that we plan and perform the assurance engagement to obtain limited assurance on the identified sustainability indicators.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



### Summary of the work performed

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

- **Evaluation of the application of the CR reporting guidelines and review of application at affiliates**

Reviewing application of the ZIG internal CR reporting guidelines using a sample of affiliates in Switzerland, UK, USA and Germany.

- **Management inquiry**

Interviewing personnel responsible for internal reporting and data collection at ZIG Group level and at affiliate level.

- **Assessment of key figures**

Performing tests on a sample basis of evidence supporting selected consolidated CR indicators concerning completeness, accuracy, adequacy and consistency.

- **Inspection of documentation and analysis of relevant policies and principles**

Inspecting relevant documentation on a sample basis, including ZIG Group CR policies, management reporting structures and documentation.

- **Assessment of the processes and data consolidation**

Reviewing the management reporting processes for CR reporting and assessing the consolidation process of data at ZIG Group level and their related controls.

We have not carried out any work on indicators other than outlined in the scope and subject matter section as defined above. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

### Limited assurance conclusions

Based on the procedures we performed, nothing has come to our attention that causes us to believe that

- a) The selected consolidated CR key performance indicators as described in the scope and subject matter section are not prepared and disclosed in all material respects in accordance with ZIG's internal CR reporting guidelines; and
- b) The management and reporting processes to collect and aggregate the selected CR data as well as the control environment in relation to the data aggregation are not functioning as designed.

Zürich, March 30, 2017

PricewaterhouseCoopers AG

Peter Eberli

Raphael Rutishauser

## GRI Standards Index

GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. This is the first year Zurich has mapped its reporting content to the GRI standards and aims to improve this further in 2017.

This index lists the organization's reports and web pages and their reference to the following GRI Standards.

Number	Disclosure name	Reference and page number
<b>General disclosures</b>		
102-1	Name of the organization	AR 1
102-2	Activities, brands, products, and services	AR 1 and 12 to 14; CR 11
102-3	Location of headquarters	AR 1
102-4	Location of operations	
102-5	Ownership and legal form	AR 279
102-6	Markets served	
102-7	Scale of the organization	AR 1
102-8	Information on employees and other workers	AR 22 to 23
102-9	Supply chain	CR 15; CDP
102-10	Significant changes to the organization and its supply chain	AR 3 and 12
102-11	Precautionary principle or approach	AR 298
102-12	External initiatives	AR 15 to 17 and 20 to 21; CR 4 to 5
102-13	Membership of associations	CDP
102-14	Statement from senior decision-maker	AR 2 to 6
102-15	Key impacts, risks, and opportunities	AR 8 to 9 and 114 to 115; CDP
102-16	Values, principles, standards, and norms of behavior	AR 11 and 20 to 23
102-17	Mechanisms for advice and concerns about ethics	AR 72
102-18	Governance structure	AR 27 and 31 to 36; CR 3; CDP
102-19	Delegating authority	CR 3; CDP

### Key:

**AR:** Annual Report 2016

**OP:** Our People report 2016

**CDP:** Carbon Disclosure Project submission 2016

**CR:** Corporate responsibility highlights 2016\*

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

\*The Corporate responsibility highlights 2016 report includes the United Nations Global Compact communication on progress.

Number	Disclosure name	Reference and page number
<b>General disclosures (continued)</b>		
102-20	Executive-level responsibility for economic, environmental, and social topics	AR 49; CR 3
102-22	Composition of the highest governance body and its committees	AR 38 to 54
102-23	Chair of the highest governance body	AR 42 to 45; CR 3
102-24	Nominating and selecting the highest governance body	AR 40
102-25	Conflicts of interest	AR 45, 70 to 71 and 84
102-26	Role of highest governance body in setting purpose, values, and strategy	AR 54
102-27	Collective knowledge of highest governance body	AR 54
102-28	Evaluating the highest governance body's performance	AR 48 to 49
102-29	Identifying and managing economic, environmental, and social impacts	AR 59
102-30	Effectiveness of risk management processes	AR 145 to 146
102-31	Review of economic, environmental, and social topics	
102-32	Highest governance body's role in sustainability reporting	CDP
102-33	Communicating critical concerns	AR 60; CDP
102-35	Remuneration policies	AR 81 to 82
102-36	Process for determining remuneration	AR 81 to 92
102-37	Stakeholders' involvement in remuneration	AR 81 and 83
102-40	List of stakeholder groups	AR 27; CDP
102-41	Collective bargaining agreements	
102-45	Entities included in the consolidated financial statements	AR 262
102-46	Defining report content and topic boundaries	AR 279

Number	Disclosure name	Reference and page number
<b>General disclosures (continued)</b>		
102-48	Restatements of information	AR 279
102-49	Changes in reporting	AR 178 to 179
102-50	Reporting period	AR 279
102-51	Date of most recent report	CR 1; CDP
102-52	Reporting cycle	AR 167; CR 3; CDP
102-53	Contact point for questions regarding the report	AR 297
102-56	External assurance	AR 70 to 71, 110, 270 to 275 and 286 to 289; CR 17
<b>Management approach</b>		
103-3	Evaluation of the management approach	AR 54
<b>Economic performance</b>		
201-1	Direct economic value generated and distributed	AR 167 to 175
201-2	Financial implications and other risks and opportunities due to climate change	AR 8 and 132; CDP
201-3	Defined benefit plan obligations and other retirement plans	AR 226 to 228
201-4	Financial assistance received from government	AR 219
<b>Indirect economic impacts</b>		
203-1	Infrastructure investments and services supported	CR 6 to 9; CDP
203-2	Significant indirect economic impacts	CR 6, 9 and 12; CDP
<b>Materials</b>		
301-2	Recycled input materials used	

**Key:** **AR:** Annual Report 2016 **CR:** Corporate responsibility highlights 2016\*  
**OP:** Our People report 2016  Link to [www.zurich.com](http://www.zurich.com)  
**CDP:** Carbon Disclosure Project submission 2016

\*The Corporate responsibility highlights 2016 report includes the United Nations Global Compact communication on progress.

Number	Disclosure name	Reference and page number
<b>Energy</b>		
302-1	Energy consumption within the organization	CDP
302-3	Energy intensity	CDP
302-4	Reduction of energy consumption	CR 13; CDP
<b>Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	CR 13; CDP
305-2	Energy indirect (Scope 2) GHG emissions	CDP
305-3	Other indirect (Scope 3) GHG emissions	CDP
305-4	GHG emissions intensity	CDP
305-5	Reduction of GHG emissions	CR 13; CDP
<b>Supplier environmental assessment</b>		
308-1	New suppliers that were screened using environmental criteria	CDP
<b>Employment</b>		
401-1	New employee hires and employee turnover	AR 23
<b>Training and education</b>		
404-3	Percentage of employees receiving regular performance and career development reviews	
<b>Diversity and equal opportunity</b>		
405-1	Diversity of governance bodies and employees	AR 23 and 41
<b>Supplier social assessment</b>		
414-1	New suppliers that were screened using social criteria	CR 15
<b>Public policy</b>		
415-1	Political contributions	



## Disclaimer and cautionary statement

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

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