

Corporate Responsibility

At Zurich, corporate responsibility is a core component of how we do business. We aim to meet and exceed the expectations of our customers, employees, shareholders, and communities by engaging in stakeholder dialogue and anticipating and addressing shifts in social, political, and economic conditions. We also act on our desire to make a substantial contribution to social welfare by engaging in activities reflecting the different cultures in which we operate.

Zurich Basics

Zurich *Basics*, our Group's core values and basic principles, helps to define our culture and guides our behavior towards all stakeholders. It also builds trust and long-term value by keeping us anchored in personal and

organizational integrity despite a changing marketplace.

Zurich *Basics*, together with Zurich's General Compliance Rules for Employees, constitutes our Group's code of conduct and reinforces an ethical environment resting upon four essential cornerstones: corporate citizenship, which includes respect for the environment, corporate governance, compliance, and ethically-sound decision making.

Meeting the needs of customers

As insurers, our role is to actively evaluate the changing risks facing our customers and to develop products and solutions to help manage those risks today and tomorrow.

Volunteer catastrophe services team

In the aftermath of the recent, devastating sequence of hurricanes in the US Gulf Coast region, Zurich recognized the need to provide additional support to distributors and customers following such disasters. As a result, a volunteer catastrophe services initiative (see page 33 in *Passion for Excellence*) was launched in North America. Special training will enable volunteer teams to supplement the services provided by Zurich's traditional catastrophe claims teams in helping agents with a variety of business recovery issues and responding to customer needs outside the range of typical claims handling activities.

Addressing low-income customer segments through microinsurance

Zurich recognizes the significant unmet need for insurance in emerging markets. The Group has been one of the early movers among the major insurance companies in providing insurance coverage to low-income customers through innovative products in Latin America. A new Group-wide microinsurance initiative launched in January 2007 represents the first concerted effort focused on the underprivileged population segment.

In this effort, Zurich has entered into a public-private partnership with the Swiss Agency for Development and Cooperation (SDC), in collaboration with the International Labour Organization (ILO), to pursue a joint three-year initiative on microinsurance. The initiative's primary aim is to expand insurance coverage to disadvantaged sectors of the population in countries across Africa, Asia, and Latin America, thereby promoting basic risk management principles and helping to alleviate poverty.

We believe we will continue to succeed by listening carefully to customers, business associates, and the public sector and engaging in dialogue through both informal and formal means. The more we share knowledge and experience, the more we can understand and jointly manage risks, adapt to change, and seize opportunities. In 2006 Zurich continued to strengthen links through its daily business

relationships, through meetings of its various customer councils, and through national and international gatherings.

Our employees are our future

We understand the invaluable role talented and motivated employees play in our success. As well as attracting top global talent, we aim to build positive team dynamics and promote competencies and behaviors which allow our people to excel and realize their full potential. Our employees live Zurich *Basics* and demonstrate their commitment both in and outside the workplace. Each year, for example, those employees who exemplify outstanding spirit, courage, dedication, integrity, and passion are acknowledged by North America Commercial with an award. At Farmers, an award is given annually to a civic-minded employee nominated by his or her peers. Zurich UK, too, has instituted an award nomination program to recognize employees who are engaged in the community.

In response to the lingering effects of 2004's devastating tsunami in the Indian Ocean, two teams of Zurich employees have volunteered to work with the Earthwatch Institute of Europe on a project to help restore mangrove forests in coastal regions in Sri Lanka and to find ways of maintaining them for the future. This contribution is a combination of the employees' own time and time allowed from the business.

Supporting our communities

Zurich actively works to strengthen the communities in which our employees live and work. We believe that such engagement is a wise investment in our future, as it both advances positive perceptions of the company and creates stability and growth for the community at large. The values and principles embodied in Zurich *Basics* encourage social contribution, and a Group Corporate Citizenship Council supports our commitments.

International Committee of the Red Cross

As a founding member of the International Committee of the Red Cross (ICRC) Corporate Support Group, Zurich supports humanitarian protection and assistance through a substantial donation. Through the ICRC, we seek to prevent or manage situations which compromise human security and to promote respect for humanitarian values essential to sustainable development.

Zurich Cares

In the UK, employees contribute to the community through the Zurich Cares program by way of: a payroll giving scheme; opportunities to fundraise; volunteering, including team challenges, lunchtime volunteering, and skill sharing; partnerships with 17 local, national and overseas charities; and a program awarding grants to local and overseas projects selected by employees. In 2006 employees donated more than 46,000 hours of their time, supported over 600 charities, and contributed over GBP 1 million.

Fore!Kids

Even before Hurricane Katrina hit, Zurich had established a relationship with the Fore!Kids Foundation through the Zurich Classic of New Orleans golf tournament. Fore!Kids provides financial support to a variety of agencies serving children in the Greater New Orleans area. Since Katrina, Zurich has redoubled its commitment to helping the region recover by responding to the needs of customers through the delivery of superior claims services and the support of civic and charitable organizations such as Fore!Kids. In December Zurich and Fore!Kids teamed up with the PGA TOUR to donate gift cards to 220 children of families in need in the New Orleans area.

March of Dimes

Farmers employees, agents, and business partners raised over USD 3.2 million in 2006 for the March of Dimes, which they have supported for almost 20 years. Farmers is proud to be the number four corporate fundraiser for the national voluntary health agency working to improve the health of

babies by preventing birth defects, premature birth, and infant mortality.

A Time for Giving Campaign

North America Commercial and its employees in 30 offices rallied this past fall during A Time for Giving campaign, donating nearly USD 500,000 to 10 charitable organizations.

M.I.L.K.

In the US, Farmers has partnered with the National Center for Missing and Exploited Children and M.I.L.K. (Managing Information on Lost Kids), a national child identification program aimed at aiding in the recovery of missing children. Farmers' agency force is helping by distributing M.I.L.K. software parents and caregivers can use to store a digital image, and information regarding their children, as a precaution. If their child is ever lost or kidnapped, the M.I.L.K. Digital ID can immediately be forwarded to local authorities and the National Center for Missing and Exploited Children.

Community Connections

Australia recently completed a pilot project to boost the skills of employees of community organizations supported through Zurich's community program, Community Connections. By offering training courses otherwise unaffordable to community partners, the initiative builds organizations' capacity and success.

Support for artistic and cultural programs

We believe artistic and cultural activities enrich communities, and we continue to sponsor numerous activities as a Group. As a Resident Sponsor of LUCERNE FESTIVAL, Zurich enables top orchestras to participate in one of the most respected classical music events in Europe. The 2006 partnership included performances by the world-renowned San Francisco Symphony Orchestra at LUCERNE FESTIVAL IN SUMMER, as well as performances by the outstanding Sinfonieorchester des Bayerischen Rundfunks at LUCERNE FESTIVAL AT EASTER, both of which were orchestras-in-residence within the framework of LUCERNE FESTIVAL.

Zurich also maintains a long-standing relationship with the prestigious Zurich Opera House, one of the leading opera and ballet venues in Europe. As a main sponsor, Zurich sponsors a premiere opera production on a yearly basis. During the 2005-2006 season, Zurich supported the production of Verdi's opera *Aida*.

Environmental actions

The environment is of increasing concern.

While focused primarily on the risks associated with a changing environment, Zurich is also actively pursuing both internal and external measures.

Zurich Switzerland, for instance, has achieved environmental improvements by the following approximate percentages: 9 percent energy efficiency increase since 2000; 10 percent reduction in carbon dioxide output since 2000; 8 percent water reduction since 2004. In addition, since January 1, 2007, 50 percent of the electricity supplied to Zurich's major locations in the Zurich area, as well as the large regional headquarters in Switzerland, stems from water power, certified green electricity.

As part of its Green Office program, Zurich Australia switched 25 percent of its standard electricity use to renewable or green power, fueled by burning tons of waste macadamia nut shells, to help reduce its environmental impact and greenhouse gas emissions.

In addition to the individual involvement of Zurich employees in the Earthwatch Institute's mangrove project, Zurich provides direct corporate financial support for this important environmental mission. Such engagement enables us to make a contribution to the restoration and preservation of environmental quality for future generations.

Sustainability indexes recognize Zurich's commitment

Zurich has qualified for the Dow Jones World Sustainability Index since 1999 and for the STOXX Sustainability Index since 2001. They are the first and most influential benchmarks launched to track the performance of

sustainability leaders worldwide. In 2006, Zurich surpassed the sector average for performance in the economic, environmental, and social dimensions assessed by the annual review and scored above average for each of the economic criteria: corporate governance, risk and crisis management, codes of conducts / compliance / corruption and bribery, customer relationship management, and brand management.

Zurich also qualified once again for inclusion in Europe's FTSE4Good Index Series, having met the criteria in five areas: working towards environmental sustainability, developing positive relationships with stakeholders, upholding and supporting universal human rights, ensuring good supply chain labor standards, and countering bribery. These criteria are designed to reflect a broad global consensus and are regularly updated to reflect developments in corporate responsibility thinking and socially responsible investment.

The Dow Jones Sustainability and the FTSE4Good Index Series are essential tools for the growing number of investors interested in the long-term performance of their portfolios. Zurich's continued inclusion in both indexes sends a strong signal to the investment community that we understand and manage the social and environmental impacts of our business operations and take into account the evolving demands of our stakeholders.

Looking ahead

Zurich is convinced that only by committing to and sharing values will it be able to consistently reach its earning targets and be an attractive place for talented people to work. We remain dedicated to assuming a pivotal role in society, and we continue to strengthen links at every level in order to better anticipate and respond to the legitimate interests of our stakeholders and to unlock our full potential for growth.