Zurich Insurance Group
Annual Report 2019

ZURICH®

Innovation with you in mind

Contents

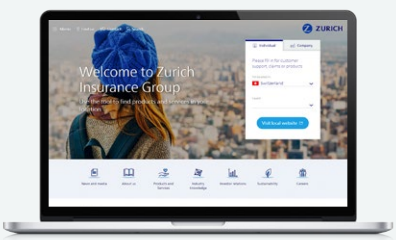
Our cover: We aim to meet growing demand from customers for ways to encourage health and 'wellness.' That includes an app we have introduced in Australia, LiveWell, that is motivating life customers to adopt healthier lifestyles.

More on **page 11**

Further information

For more information about Zurich Insurance Group, visit us online at:

www.zurich.com



About us

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 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.

A guide to using this report

This interactive PDF is designed to help you easily navigate the report and find the information you are looking for.

It is compatible with both desktop computers and tablet or mobile devices. This report is optimized for viewing with the free software Adobe Acrobat Reader or Apple Books. Interactive functionality may not work when viewed in a web browser or other PDF readers.

Use the tabs and buttons at the top of the page to navigate between sections and around the document:

Guide to the navigation buttons:

- Return to interactive contents
- Page back
- Page forward
- Return to previous view
- Search
- Print

Guide to the clickable dynamic links:

- Page reference to more information elsewhere in the document
- Link to online content

Our renewed focus and commitment to sustainability

Throughout this year's report, we have used this icon to highlight our sustainability-centric approach in action.

Welcome

"For nearly 150 years, we have been ahead of our time, embracing innovation while finding new ways to serve and protect those who rely on us. We are proud of all that we have achieved. Our experience and ability to adapt to a changing business environment allow us to look to the future with confidence."

Mario Greco
Group Chief Executive Officer

Highlights

USD 5.3 bn
Business operating profit[1]

USD 4.1 bn
Net income attributable to shareholders (NIAS)

14.2%
Business operating profit after tax return on equity[2]

USD 3.4 bn
Cash remittances[3]

USD 52.3 bn
Total revenues[4]

USD 205 bn
Investment portfolio[5]

CHF 59.4 bn
Market valuation as of December 31, 2019

Z-ECM 129%
Zurich Economic Capital Model (Z-ECM) ratio estimated as of December 31, 2019[6]

AA-/positive
Standard & Poor's financial strength rating of Zurich Insurance Company Ltd as of December 31, 2019

USD 4.6 bn
Total amount of impact investments[7]

22.6%
Female participation in Leadership Team

1.9 tons
CO2e emissions per employee (tons per FTE)[8]

Over 1 million
Number of customers interviewed through Zurich's NPS program[9]

1 Business operating profit (BOP) indicates the underlying performance of the Group's business units by eliminating the impact of financial market volatility and other non-operational variables.
2 Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for net unrealized gains or losses on available-for-sale investments and cash flow hedges.
3 Cash remittances for full year 2019.
4 Total revenues excluding net investment result on unit-linked investments.
5 Market value of the investment portfolio (economic view). See page 176 for more information.
6 The Z-ECM is an internal measure of capital adequacy and reflects midpoint estimates with an error margin of +/–5 pts.
7 Impact investments in 2019 consisted of: green bonds (USD 3.1 billion), social and sustainability bonds (USD 539 million), and investments committed to private equity funds (USD 163 million, thereof 36 percent drawn down) and impact infrastructure private debt (USD 747 million).
8 Number shown as of 2018; 2019 data will be available in Q2 2020.
9 In 2019, Zurich interviewed over 1 million customers (including Zurich Santander) in 25 countries through its NPS (Net Promoter System) program.

Delivering long term value
for all our stakeholders

"Strong progress is being made on our strategy. And innovative ideas and insights are being produced that allow us to benefit all stakeholders."

Michel M. Liès
Chairman of the Board of Directors

Message from our Chairman

As Zurich's three-year strategic cycle concludes, we can look back on 2019 as a year of achievement and validation. It has not always been easy, but our ambitious financial targets for 2017–2019 have all been exceeded, a dividend of CHF 20 per share has been proposed to shareholders, and trust and confidence has returned to the business.

More than this, I am very pleased with the energy that is being devoted to Zurich's long-term success. Strong progress is being made on our strategy. Zurich is focusing on customers and simplifying its business. And innovative ideas and insights are being produced that allow us to benefit all stakeholders – including customers, employees, shareholders and communities – both now and in the future.

Creating value for all stakeholders

Zurich has a long history of going above and beyond for the people who put their trust in us. It has been the foundation of our success over the past 150 years.

Today many people – particularly the younger generations – are facing an uncertain future. As an insurance company whose core business is protection, we have a special responsibility in creating an environment where all can prosper.

We take this responsibility seriously and are living up to it, because nearly everyone we come in contact with is touched by the dramatic changes taking place in society. In 2019, we made clear commitments to drive solutions on climate change, help individuals and businesses adapt to the changing world of work, and build trust in our digital future. In 2020, those commitments will be followed by concrete actions.

Decade of delivery

The last decade ended with proof that Zurich's initial efforts to become simpler and more innovative are working. And there is so much more to come.

2020 marks the beginning of a new three-year strategic cycle for Zurich. During this time, we will focus even more on innovating to meet customer needs. Technology is raising the expectations customers have of insurers. But it also creates untold opportunities to delight them with new approaches to preventing as well as covering risk.

With the pace of change in the industry accelerating, our success in the last three years gives us confidence of thriving in this fast-moving environment. We have therefore set ambitious new financial targets for 2020–2022, and the Board is working closely with management to turn firm commitments into tangible impact.

Together, and with our people, we can make the 2020s a standout chapter in Zurich's proud history. Thank you for your continuing support in this journey.

Michel M. Liès
Chairman of the Board of Directors

For our Chairman's message on governance, please see **page 38**

Our business segment performance

Property & Casualty
Property and casualty insurance and services, risk insights.

USD 2.9 bn
Business operating profit

USD 34.2 bn
Gross written premiums and policy fees

More on **page 168**

Life
Protection, savings and investment solutions.

USD 1.5 bn
Business operating profit

USD 33.5 bn
Gross written premiums, policy fees and insurance deposits

More on **page 170**

Farmers
Management services related to property and casualty insurance.

USD 1.7 bn
Business operating profit

USD 3.8 bn
Management fees and other related revenues

More on **page 172**

Message from our Group CEO

After achieving much, our journey continues

"Our performance over the past few years puts us in an excellent position to pursue our customer-focused strategy with energy and deliver on our ambitious new targets for the next three years."

Mario Greco
Group Chief Executive Officer

Message from our Group CEO

Our goal as an insurer is to protect people. Traditionally, this has meant paying claims promptly. Now, technology is creating the possibility to protect you before an incident occurs: warning you, for example, when a storm is heading your way or a weakness appears in your supply chain.

That's a complete transformation of the way insurance works and has worked for the last several centuries. It's not a transformation that can happen overnight or even in the space of a few years. It's a journey that is reshaping our entire industry.

We began this journey at Zurich in 2016 with a set of very ambitious financial targets that few believed we could achieve, and have made tremendous progress already.

The talent, resourcefulness and passion of our 55,000 employees have led us to exceed all of our targets. We delivered above-industry returns to our shareholders while simplifying our business, our products and our services. Customer satisfaction has risen steadily in many markets. We are proud of these achievements.

Surpassing customer expectations

At its core, the journey of transformation that we are on is about putting customers at the heart of everything we do. It is about listening to people's needs. We conduct regular surveys of customer satisfaction and in 2019 received over one million responses from customers. In 2019, we also set up a Customer Office to further improve our customers' experience.

Over the next three years, we plan to accelerate these efforts and surpass expectations of what insurance can be. Customers increasingly live within connected ecosystems, and we aim to grow our presence in these environments by providing more smart services for travelers, business and home-protection, and health and well-being programs.

Responding to a changing business environment

Addressing a generational shift

We are introducing solutions for millennials and others seeking individual, flexible cover. And we are working with startups and others to get fresh insights. We are also attracting the next generation of employees through a variety of means, including our award-winning apprentice program.

Getting and retaining the best people

To provide the best service and solutions for customers, we need to have the best talent. We also introduced an innovative training program for leaders and have won awards for diversity. We are proud that we have increased our measure of employee loyalty, and promote a culture based on merit.

Preparing for new financial reporting rules

Insurers including Zurich are preparing to adopt IFRS 17, one of the most significant changes to global financial reporting standards in recent history. Zurich is finalizing the implementation of IFRS 17 and began testing in anticipation of implementation in 2022.

More on **page 192–193**

Tackling risks in a connected world

We closely work with customers to identify risks tied to interconnectivity and cyber, and in 2019 introduced industry-specific coverage for cyber exposures. We also work to instill confidence in a digital society, for example, through our industry-leading data commitment introduced in 2019.

Being a more sustainable business

We are a leader in sustainability and implemented measures to be a more sustainable business, recognized through our ranking in the top percentile of industry peers in the Dow Jones Sustainability Index. Our focus includes climate change, which affects all of us, including our customers and the communities in which we live and work.

More online:
www.zurich.com/sustainability

Keeping abreast of financial market developments

As a long-term investor, our mission is to achieve superior risk-adjusted returns relative to our liabilities. With elevated volatility and interest rates close to historic lows, we have delivered strong investment returns to our policyholders and shareholders. We remain disciplined in managing our well diversified and high quality investment portfolio.

Message from our Group CEO

Growing in retail

In retail, we will focus on enriching our offering with innovative and more flexible products and services, such as our recently launched Zurich klinc on-demand gadget insurance in Spain, and Toggle℠, a customizable insurance with innovative services for renters, introduced by Farmers in the U.S. We aim to deepen our relationship with existing customers and build out new customer segments, from the millennial and Gen-Z age groups to small- and medium-sized enterprises. Using the insights gained by listening to our customers, we aim to become their preferred insurance provider.

Reinforcing leadership in Commercial Insurance

In commercial, we will build on our position as the world's third-largest insurer to corporate customers. We insure over 400 of the Global Fortune 500 companies, as well as numerous small and mid-sized enterprises. To provide the best service to all our business customers, we have simplified and invested into building a stronger underwriting culture and given our underwriters better tools and insights to more effectively manage our customers' exposures, while further optimizing our portfolio.

Customers have become more sophisticated – they are looking for solutions to manage and prevent risks, as well as transfer them to their insurer. Our unmatched experience and data on risk, losses and loss prevention position us well. We're scaling up and refreshing select products, and expanding product and service offerings that answer changing customer needs. As global warming changes weather patterns, for example, we plan to launch a new Climate Risk Advisory Service to help customers understand the risks they face.

Attracting diverse talent

Our future depends on having the right and best talent. We have received worldwide recognition for our efforts to be a diverse employer, including in our recent commitment to grant equal access to paid maternity and paternity leave globally. We also aim to be a fair employer to all our employees to ensure each of them receives opportunities to develop skills and expertise.

Many of the employee initiatives we have launched since 2016 originated from our employees, testimony to our changing culture.

"Our employees have encouraged us to become a simpler, more sustainable business."

To learn more about how our employees are making a difference at Zurich, see **page 17**

How we delivered on our 2017–2019 targets

	2017–2019 targets	Achieved
BOPAT ROE[1]	>12% and increasing	☑ 14.2%
Z-ECM	100%–120%	☑ 129%[2]
Net cash remittances	>USD 9.5 bn (cumulative)	☑ USD 10.9 bn
Net savings	USD 1.5 bn by 2019 compared with 2015 baseline	☑ USD 1.6 bn

[1] Business operating profit after tax return on equity, excluding unrealized gains and losses.
[2] Full year 2019 Z-ECM reflects midpoint estimate with an error margin of +/–5 percentage points.

We improved our business mix, reduced volatility and improved profitability of our Property & Casualty portfolios while further growing our Life franchise through targeted acquisitions. We entered new and innovative markets and succeeded in reducing expenses. Our management structure has been strengthened and reinforced. And customer and employee satisfaction has improved. Farmers Exchanges has transformed its agents force and expanded its solutions for millennials.

Message from our Group CEO

We listen to our employees because the best way to deliver memorable customer service is to ensure that employees are happy. Thanks to their efforts, we have, for example, vastly reduced the number of meetings and significantly shortened the time needed to respond to commercial customers' queries. Employees have also encouraged us to become a more sustainable business while encouraging entrepreneurs with a social purpose to work with Zurich.

Our role in the world

The more we listen to people's needs, the better our understanding of the role we must play. One theme to emerge is the need to protect the next generation and to create a better future for them to live in.

That is why in 2019 we made three public commitments that will shape our impact for generations to come. First, we believe that global efforts to tackle climate change are moving too slowly and therefore signed the UN Business Ambition for 1.5˚C Pledge. This commits us to develop science-based targets across everything we do and to help customers reduce their dependency on fossil fuels.

Second, we understand that the workplace is changing. From digitalization to intelligent automation, our employees are having to adapt to fresh challenges, new ways of working and a new set of tools. In response, we set out our Work Sustainability principles to help our employees adapt to these changes by developing the skills they need to build a path for their future.

And third, we recognize that trust is at the core of our business. Our customers trust us to protect them and settle their claims fairly and quickly. That trust also extends to how we manage their personal data. That is why we issued a data commitment, which goes beyond legal requirements, and promises to keep our customers' personal data secure and only use it in an ethical and transparent manner.

Responsible and impactful

Our performance over the past few years puts us in an excellent position to pursue our customer-focused strategy with energy and deliver on our ambitious new targets for the next three years. At same time, we know that the changes in insurance and the needs of future generations mean that our journey is a long-term one.

Our solid financial position, the loyalty of our customers and the ingenuity of our employees give us great confidence as we embark on the next phase of this journey to become one of the world's most responsible and impactful companies.

Mario Greco
Group Chief Executive Officer

Our targets for 2020–2022

	2020–2022 targets
BOPAT ROE[1]	>14% and increasing
Z-ECM	100%–120%
Net cash remittances	>USD 11.5 bn (cumulative)
Compound organic earnings per share growth[2]	at least 5% per annum

[1] Business operating profit after tax return on equity, excluding unrealized gains and losses.
[2] Before capital deployment.

Customer KPIs
Net new retail customers
Retail brand consideration

We see opportunities to grow the business. We know which type of growth we want to achieve. We will remain cost-driven and continue to simplify the organization. We aim to improve portfolio quality and make better use of capital. To sharpen our focus on customers, we are also adding two new KPIs.

Our strategy is successful

We continue to focus on customers, while simplifying our business and driving innovation.

Our strategy

Focus on customers

Our transformation to become a truly customer-led company is well underway and we have established a platform from which to evolve and grow.

- In 2019, to improve customer satisfaction and to drive profitable growth, we established a Customer Office.
- We expanded our net promoter score (NPS) program to more countries and customer responses increased to about one million.
- Besides growing organically and through targeted acquisitions, we have signed new distribution agreements giving access to over 80 million potential new distribution customers from 2016 through 2019.
- To ensure an increased focus on customers across the organization we announced two customer key performance indicators (KPIs) to complement our financial targets.
- We continue to deepen our relationship with existing customers and intensify innovation efforts to attract younger customer segments: including millennials and Generation Z.

Simplify

We have successfully simplified our business and operations, to make better use of our resources.

- We delayered our organization, reduced corporate center expenses, and reduced the number of steering committees by one third.
- We cut the number of data centers from over 70 to 13 and the number of network providers from over 140 to one; and we reduced the number of IT applications by about 20 percent.
- We simplified our products and services, which included significantly reducing the number of products in some markets. After focusing on infrastructure and applications we are shifting our focus to simplifying products and processes directly related to customers.

Innovate

We are adapting to make sure we continue to meet and exceed customers’ expectations and needs.

- We launched several new solutions for retail customers. And in the U.S., Farmers launched an innovative renters’ insurance, Toggle℠.
- We have tested and launched many propositions to offer customers holistic solutions around mobility, wellcare, property, and travel, and introduced products and services to support these.
- We further developed Zurich Customer Active Management, a unit which allows us to better understand customer needs, giving us insights into what customers really need and want.
- Cover-More, our travel assistance provider, is introducing a mobile platform for customers providing simple, personalized access to our global team of experts, providers and personalized travel offers.

Our strengths provide a good basis for our success.

A solid financial position

We are rated AA–/positive by Standard & Poor’s. Our solid financial position can reassure our customers that we will be there when they need us to handle their claims and our shareholders that we are financially stable. It also gives us a well-earned positive reputation as a business and employer, and positions us to invest in future growth.

A balanced business

Our business is balanced geographically, and by products and customer segments. Our strong retail and commercial franchise and flexible operating model position us well to weather economic and market volatility, and to take advantage of industry change.

A trusted brand, talented people

Our understanding of the risks our customers face and ability to structure offerings that meet their needs reinforce our global brand, one of the most valuable in the insurance industry. Our strong reputation allows us to attract the best talent worldwide.

We implement our strategy by remaining true to our purpose and values.

Our strategy (continued)

If you are a UK cyclist planning a trip with your favorite set of wheels, see the story about Laka on **page 11**

We have many stories to tell about our business. Each of these reflect how we are bringing our strategy to life in different ways for the benefit of our customers.

Discover more over the following pages…

To learn more about how Zurich's travel assistance provider, Cover-More, can also help to make traveling a little safer, see **page 15**

To learn more about how all Zurich's risk experts are helping our business customers, see **page 12**

To learn how younger employees are already making a difference across our business, see the future success story on **page 16**

Delivering on our strategy

We take many routes to find innovative solutions

We work with startups specialized in digital technology, and we sometimes make strategic acquisitions to gain expertise, seize business opportunities, increase our scale and expand in attractive markets. We also develop solutions in-house, based on our experience and insights. At Zurich, all new ideas must pass one test: They must ultimately benefit our customers. Here are just a few of the many innovative solutions we've introduced to make customers' lives better.

It's a big world. To see it in the best way, make sure you travel with adequate protection.

Delivering on our strategy (continued)

Zurich klinc/Zurich Now

Sharing new ideas across markets

What do you get when you develop a good idea in one market, and transfer it to a second one? Two good solutions. That's what Zurich did with Zurich klinc, a product we developed and introduced in Spain targeting younger customers who want insurance they can turn on and off to cover items like mobile devices and headphones, computers, cameras, e-bikes, smart watches and scooters. Launched in Spain in 2018, klinc sold over 10,000 policies in that market, mostly to new customers. And, in 2019 Zurich's business in Argentina introduced a product based on klinc called Zurich Now covering smart phones, tablets and notebooks. Since launch in April 2019 in Argentina, Zurich Now has achieved strong sales with over two-thirds of customers aged 25 to 45. And received more than 20,000 inquiries online from potential customers in the first months after introduction, helping us to promote our brand more widely in Argentina.

LiveWell

Rewarding healthy lifestyles

What if you could get encouragement for doing what's good for you? Zurich introduced such an approach in Australia in 2019. Zurich LiveWell is a health and wellness online platform that rewards customers who choose a healthy lifestyle. Besides offering articles, recipes, medical dictionaries and other features, it allows customers to upload information from a wearable fitness device that tracks steps and physical activity. Customers who use it can get a discount on the cost of their life insurance and receive offers from selected third-party providers. Since launch in May 2019, some 30 percent of new life customers in Australia have opted for the Zurich LiveWell program.

Laka

Working with a startup on innovative cycle insurance

Zurich works with London-based start-up Laka, a broker which offers a unique approach to insurance. Laka provides cover for higher-value bikes in the UK with a digital insurance model allowing customers to pay a variable monthly premium based on their share of the overall cost of claims. As passionate experts in cycling, it aims to offer competitive and transparent pricing and since launching in 2018, has written over 3,000 policies. Its offerings include cover for bicycles while traveling and for amateur racing. Laka continues to grow, has received excellent customer feedback and won a UK industry start-up award in 2019.

Delivering on our strategy (continued)

In the business of protecting against risk

Our customers include over 400 of the Global Fortune 500 companies. Our 1,250 risk engineers and risk specialists located in 40 countries are deployed where needed to help customers identify and mitigate risks.

Risk Engineering

Spotting risks where others might not see them

Zurich's customers include large global corporations that work together with our Risk Engineering team to promote understanding of photovoltaic systems. Such research takes into account extensive risk analysis, customer insights and real experience at facilities around the world. Solar energy is an attractive, sustainable technology. But without guidelines, installing such systems on rooftops, for example, may put these beyond the reach of automatic fire detection and protection systems. We are glad to refine and share our insights and make them available, including to all our customers and brokers. Working closely with customers, Zurich published a white paper on this evolving technology. We also collaborate with customers through the global NFPA Fire Protection Research Foundation. White papers, working through the NFPA, and on-site work are just some examples of how we share our insights. Below, Marc Leblanc, Global Account Risk Engineer, assessing solar panels at a commercial site.

Zurich risk engineer Marc Leblanc is known to colleagues and customers for being meticulous.

Delivering on our strategy (continued)

Property & Casualty

Protecting employees

Zurich is the fourth-largest worker's compensation insurance provider in the U.S. Through our innovative predictive model, Vital Signs, we can help reduce the risk that employees may get addicted to opioid painkillers. Beyond potentially saving lives and contributing to people's well-being, the program has enabled employers to lower costs associated with prescription drugs. After Zurich North America introduced its Opioid Case Management program for companies in 2011, its data analytics team helped to develop the Vital Signs model, making it easier to spot potentially at-risk employees. Since its introduction, Zurich's opioid program has delivered an average reduction of opioid utilization by 50 percent. The program also helped Zurich to win the Managed Care Provider Team of the Year award at the 2019 Business Insurance U.S. Insurance Awards.

www.zurichna.com/about/awards-and-recognitions

Corporate Life & Pensions

Giving Germans more choices to save for retirement

An occupational pension reform introduced in Germany in 2018 has opened the door to new approaches to pension savings in that country. For Zurich, the changes in the law led it to agree to a new joint initiative with German insurer Talanx. The new collaboration, called 'Die Deutsche Betriebsrente,' or 'The German Occupational Pension,' aims to provide supplementary pensions to groups of employees who are members of trade unions or similar associations. In 2019, 'Die Deutsche Betriebsrente' reached a milestone agreement with the German union, Verdi, which has about two million members, to provide a second-pillar pension plan for Talanx's own 12,000 employees. A first but very important step for 'Die Deutsche Betriebsrente,' which could be a blueprint for similar success stories in the future.

Farmers

Farmers[1] Insurance® continues to grow innovative offerings

The Farmers Insurance usage-based automobile insurance offering, which aims to be more closely aligned with actual driving behaviors, is now available in 34 states and recently surpassed one billion miles of driver data, while Toggle℠, its next-generation customer digital renters insurance offering, has generated more than 20,000 sales across 23 states. In late fourth quarter 2019, Farmers also began preparations to add to its successful eastern U.S. expansion efforts with a new automobile insurance offering in South Carolina.

[1] Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

To learn more about ways businesses can manage the impacts of climate risk, see our Zurich Climate Change Whitepaper:
www.zurich.com/en/knowledge/topics/global-risks/managing-impacts-climate-change-risk-management-responses-second-edition

Delivering on our strategy (continued)

Growing in attractive markets

We seek to grow organically and through select, targeted acquisitions where we see potential. And we expand our reach through agreements with other companies, including banks and retail providers, giving us access to millions of potential customers.

It could be any beach, anywhere.
Your experiences will make it special.

Delivering on our strategy (continued)

Cover-More

Finding new solutions for travelers

Zurich acquired travel assistance provider Cover-More in 2017, and in 2018 expanded the business through targeted acquisitions in Latin America, the UK and Ireland to make it one of the largest travel assistance providers worldwide. We are now developing a mobile platform for Cover-More customers that will provide simple, personalized access to our global team of travel experts and providers. Along with individual travel offers, it will augment our role in helping customers travel confidently and stress-free by providing timely and proactive travel and medical assistance. Using geolocation data and advanced analytics, we have extensive insights into our travelers' individual needs, and provide proactive security alerts in the event of risks.

Australia, Latin America, Indonesia

Growing through targeted acquisitions

In Australia, in 2019 Zurich completed the acquisition of OnePath Life in Australia from ANZ to become one of the leading life insurers for retail customers in that country. We also enhanced our access through an agreement with ANZ to allow Zurich to distribute life insurance products through bank channels, giving Zurich potential to attract six million new customers in Australia.

In 2018, we acquired the operations of Australian insurer QBE in Latin America, positioning Zurich as the leading insurer in Argentina and increasing its business in Brazil, Colombia, Mexico and Ecuador. We also acquired the individual and group life businesses and long-term savings operations of EuroAmerica in Chile. All businesses are expected to contribute new customers to support our organic growth in Latin America.

In 2019 we completed acquisition of a majority of Adira Insurance, a leading insurer in Indonesia, to make Zurich the largest foreign property and casualty insurer in a key market in Asia Pacific. The agreement includes long-term cooperation agreements with PT Bank Danamon Indonesia, and Adira Finance, one of Indonesia's largest providers of motorcycle and auto financing.

For more information on acquisitions see **page 205**

Distribution agreements

Gaining access to millions of potential new customers

In 2019 alone, we gained access to over 40 million potential customers through new distribution agreements (and have gained access to over 80 million since 2016). These agreements include, besides those mentioned above, distribution agreements with Brazilian retailer Havan and Tokyo Gas in Japan, as well as an exclusive agreement with Eni gas e luce to make it easier for its customers in Italy to get insurance. We also agreed with MediaMarkt Saturn to make purchase protection available to its customers in Germany. And we entered an agreement to provide insurance and takaful products through Alliance Bank in Malaysia.

Delivering on our strategy (continued)

Building a business for the future

To succeed requires looking to the future. We are proud that the next generation of employees is already making their voices heard, including those who will occupy our historic, newly renovated Mythenquai headquarters in Zurich. When finished, the building will contribute to our efforts worldwide to promote resource-efficient and innovative workplaces.

Future success

Introducing the NEXT generation at Zurich

At Zurich over 40 percent of our employees were born after 1981. Growing up in an age of increasing digitalization and concerns about climate change has shaped these employees' beliefs, needs and expectations. In 2019, a group of 12 Zurich employees representing our four regions and a variety of businesses founded NEXT, giving them a unified voice, and allowing them to actively address pressing issues society is facing. NEXT has already taken an active part in shaping the future. For example, its members attended the One Young World summit in London in 2019 along with 12 young entrepreneurs whose attendance the Z Zurich Foundation sponsored. These entrepreneurs included Damola Morenikeji, Chief Operating Officer at Joy, Inc., which runs walk-in centers in Nigeria for young people dealing with depression and anxiety.

Delivering on our strategy (continued)

Cultural transition

Employees ‘Make the Difference’

In 2018 Zurich launched ‘Make the Difference,’ which actively seeks to engage employees in promoting a more entrepreneurial culture. So far over 1,250 employees from 28 countries have participated in this in-house program, initiating 60 of the over 700 ideas for improvement submitted by our employees thus far. Thanks to their efforts, we have, for example, vastly reduced the number of meetings, launched the Zurich Innovation Championship, and significantly shortened the time needed to respond to commercial customers’ queries. Make the Difference also encouraged us all to become a more sustainable business, introducing paperless meetings and equipping agents with tablets, while encouraging entrepreneurs with a social purpose to work with Zurich.

Zurich Innovation Championship

Actively seeking startups with a business mindset

Through a global contest, the Zurich Innovation Championship, we invite startups to compete for a chance to develop with us the best commercially viable ideas. Launched in 2018, the first Championship produced four winners, including gold winner Chisel AI, whose artificial intelligence product can read commercial insurance documents 400 times faster than a human – and with greater accuracy. The second Championship launched in 2019 will conclude in 2020.

Hackathons

Bright solutions for tomorrow

‘Hackathons’ bring together programmers, software developers and others to work intensely on tight deadlines, often over a single weekend, to compete in solving specific problems. One such event is HackZurich, among Europe’s largest hackathons. In September 2019, 589 contestants with an average age of 24.7 years gathered in the city of Zurich to compete by finding innovative technology solutions in just 40 hours. Zurich, together with Zurich city, sponsored a challenge to find solutions to enable climate-neutral mobility. These events give us an opportunity to support innovation and entrepreneurship. Another such event took place in Chile, where Chilena Consolidada – Zurich Chile sponsored the NASA International Space Apps Challenge 2019 in that country.

After extensive renovation our historic Zurich headquarters will soon be ready to provide a perfect place to develop new ideas. A few younger employees, shown, held a first brainstorming session while touring the building’s auditorium.

You can learn more about our new headquarters here:
www.zurich.com/en/about-us/offices

Our business model

Creating sustainable value

The resources we use:

Financial
Our investors provide the financial capital that sustains our business.

Intellectual
Our expertise, including in risk management and investment, contributes to our success.

Human
Our approximately 55,000 employees include some of the most talented people in the insurance industry.

Social and relationship
We maintain strong social ties and relationships with customers, intermediaries, regulators, policymakers and others.

Natural
In our daily business we use natural resources as part of doing business. We conserve them and use them wisely.

What we do:

Life
Protection, savings and investments

Property & Casualty
Insurance, services and risk insights

How our stakeholders benefit:

We create value for our customers
by helping them understand and protect themselves from risk.

More on page 20

We create value for our employees
by aiming to give each the opportunity to work to their full potential.

More on page 22

We create value for our investors
by paying an attractive and sustainable dividend and maintaining a strong balance sheet.

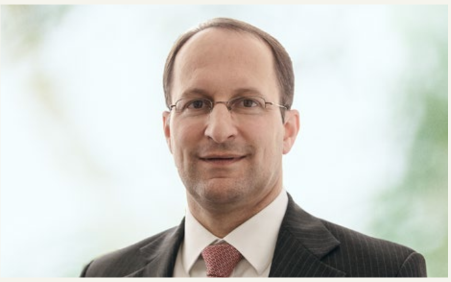
More on page 24

We create value for communities and society
including by mitigating risk and sharing knowledge and expertise.

More on page 26

Our business model (continued)

As an insurer we realize we have responsibilities to customers, society and others who rely on us. As part of that, in 2019, Zurich and the Smith School at the University of Oxford surveyed 18,000 working-aged individuals in 16 countries around the world as part of a project to help governments, insurers and employers empower lifelong, tailored solutions to better protect individuals and address various transition points in their working lives.



"We are keenly aware of the impact that the changing nature of work has on people's financial security. Our studies on this topic, which we call 'agile workforce protection,' help us, as well as employers, governments and individuals, to find flexible and innovative ways to keep insurance relevant as new ways of working evolve alongside traditional job models."

Stefan F. Kroepfl
Global Head of Life Business Analysis
Life Technical Functions

Serve customers and distribute through multiple channels

Our products and solutions are available to customers with a focus on great customer service, through many channels: directly, or indirectly via brokers, through employee benefits consultants, and in cooperation with third parties including banks, travel providers, retailers, rental agreements and car dealerships.

Underwrite and manage risk

Insuring and managing risk is central to what we do. Understanding, measuring and modeling risks helps us to price risk fairly and offer competitive premiums to customers, who also look to us to provide expertise aimed at mitigating risks.

Manage reserves

Our Group-wide policy, the 'Zurich Way of Reserving,' with well-defined and prudent standards, is the basis for how we calculate insurance liabilities. Our reserving process is supported by strong governance, including extensive internal and external reviews.

Invest and deliver returns

Our income includes returns from invested premiums, policy fees and deposits. Our success as a business is important to those who depend on us to reliably pay claims, as well as investors who look to us to deliver savings returns and operate our business responsibly.

Manage claims

In 2019, we paid out more than USD 24 billion in claims. To ensure that we provide a positive experience to customers who do business with us, we are systematically listening to customers through our Net Promoter System (NPS), not only as part of our claims process but throughout all customer touchpoints.

Read Zurich and Oxford's studies on workforce protection here: www.zurich.com/agileprotection #WorkforceProtection

Stakeholder report 2019 – Customers

Innovation that puts customers first

Our customers are the heart of our business. They are the focus of our strategy. In 2019 we further enhanced the way we serve and engage millions of customers.

Key achievements

- We hired a Chief Customer Officer and defined a new strategy to drive Zurich's 'customer transformation.'
- We continued to listen to our customers through the Net Promoter System (NPS), extending the program to new markets while preparing to step up our efforts to ensure we remain relevant to all customers, including younger ones.
- To measure progress, we are introducing two new customer metrics.
- We gained expertise by collaborating with insurtech start-ups, developed innovative solutions in-house, and gained wider access to customers through new distribution agreements.
- We developed and implemented a commitment to protect customers' data.
- Our Commercial Insurance business is continually looking for new ways to use technology to support our customers with innovative solutions that go well beyond traditional insurance coverage.

New Customer Office

To support the next phase of our customer-led approach, in 2019 we created a Customer Office, and appointed Conny Kalcher to the position of Chief Customer Officer. Her broad experience in customer-led transformation is focused on ensuring an excellent 'customer experience.' Using customer insights and data analytics, we can also ensure that our operating model actively supports our ambitions.

Exceeding customers' expectations

We are making further progress on our global approach to collect and use the information and feedback customers provide to enhance their experience with us. This Group-wide approach has already resulted in an aggregate 10-point improvement of the NPS score from 2018. More importantly the program is helping us understand what really drives customer satisfaction, allowing us to make meaningful improvements across the company. For example, in Spain we introduced a modular motor product to address customer needs for flexible coverage and increased NPS by 11 points; in Italy we digitalized our motor claims offering and increased NPS by 8 points; in Japan we conducted intense training in our claims call center and improved NPS by 6 points.

We are also, together with customers, developing a new 'customer value proposition' in our main markets to remain relevant to existing customers and to build our customer base among younger ones, especially millennials and 'Gen Z'. To measure our progress, we are introducing two new customer metrics: 'brand consideration' and 'net new customers,' covering both customer retention and acquisitions.

"Customers are recognizing our efforts to be more responsive and take their needs into account, as reflected in the NPS score improvement. We have a solid, global customer feedback platform in place and an established process to improve how customers experience us. We are now planning to step up our efforts, so as to play a broader role in customers' lives and truly innovate our service and product experiences."

Conny Kalcher
Chief Customer Officer

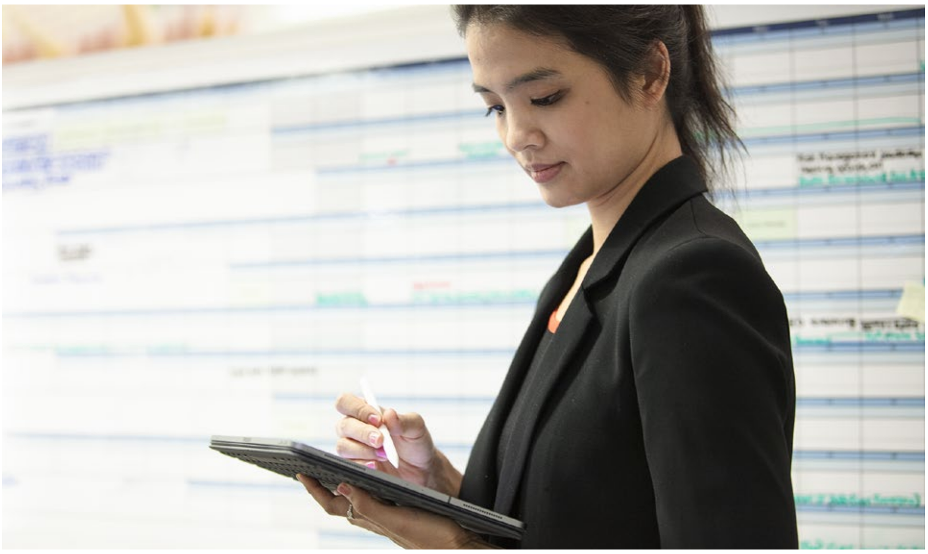
9.9m

In 2019, our Property & Casualty and Life businesses handled 9.9 million claims on behalf of our customers.

>USD 24bn

In 2019, our Property & Casualty and Life businesses paid out more than USD 24 billion to our customers or on their behalf.

Stakeholder report 2019 – Customers (continued)



Putting a risk advisor at your fingertips

Alongside our traditional insurance propositions for businesses we provide solutions to help commercial customers identify and mitigate risks. One such solution is our award-winning Zurich Risk Advisor, a digital platform that helps our customers to better understand and manage their risks. The tool guides our customers through simple questions to help them to generate risk improvement ideas, do a risk self-assessment, and collaborate with our risk engineers anywhere in the world via video chats.

Gaining expertise, growing our business in attractive markets

We aim to be the world's first truly customer-led insurer. We are excited to see how our industry is changing. A lot of this is driven by technology, which offers new opportunities and is transforming how customers live and work, and the services and experiences they expect. We are enthusiastically meeting these challenges, including by working with young and established companies specializing in areas ranging from artificial intelligence to wellness apps, to provide new and personalized solutions.

We are also growing our business in attractive markets through targeted acquisitions and distribution agreements. In 2019 alone we signed cooperation agreements with both start-ups and established companies to gain access to over 40 million potential new customers, which are in addition to the more than 70 agreements we have in place worldwide.

We also launched a new digital platform for agents and brokers to provide them with analytics and data insights, enabling them to personalize advice and customer offerings.

Committing to a responsible approach to customer data

Zurich wants to be a responsible business that makes a positive impact, both on our customers' lives and on society. To do this, in September 2019 we published our global data commitment, in which we pledge to protect customers' personal data. We will not sell it, nor share it, without being fully transparent. We will also put customers' data to work to better protect them.

Measuring our progress

Our customers – operational KPIs

Through the customer insights we get using the net promoter system (NPS) and follow-up calls with customers, we can increase customer loyalty and attract new customers.

More on **page 30**

Customers interviewed through NPS

(Number of customers)

2019	>1 million
2018	760,000

37%

Increase in customer interviews

Stakeholder report 2019 – Employees

Developing talent for tomorrow

As a leading global employer, Zurich is an attractive place to work. We demonstrate our care for employees through our long-term vision and strong sense of purpose. We are making work sustainability our top priority by empowering our people to become fit for the future and take ownership of a life-long approach to learning.

Key achievements

- New initiatives are helping us to make sure our leaders and employees have the right skills for the future.
- We remain proud of our innovative work-based learning to prepare young people across our business for a career in insurance.
- In 2019, our measure of employee loyalty, the employee net promoter score (ENPS) rose, indicating higher levels of employee satisfaction.
- We aim to make sure that our employees' contributions are recognized and rewarded equitably, while making good progress in promoting a truly diverse and inclusive work environment.

Preparing for the future

Zurich wants to invest in and equip employees across all generations, while being ready to meet the needs of future generations. Our purpose is to protect employees, to inspire confidence, and to help them reach their full potential. We want to put in place shared commitments that lead to a sense of security and trust in the workplace as we continue to grow.

Creating a catalyst for our leaders

Zurich wants to do even more to retain and develop talented people. To achieve this, we are delivering a series of programs that will strengthen the capability of our management and leadership. These include innovative initiatives like the 'Catalyst' program designed to foster outstanding leadership skills.

Zurich launched 'Catalyst' in 2019. An immersive 12-month executive development program, in its first year it brought together 26 participants to gain exposure to best practices while developing new capabilities. Besides working with IMD, one of the world's top business schools, participants visit companies considered industry leaders in areas we aspire to excel at within Zurich.

Bringing learning to life through apprenticeship programs

We are expanding apprenticeships and opportunities for work-based learning across our business. For example, in 2016 we introduced an apprenticeship program in the U.S. allowing participants to attend college courses while getting on-the-job work experience. Run in conjunction with Harper College near our North America headquarters in Schaumburg, Illinois, in 2018 the program won an innovation award.

Listening and acting on suggestions through ENPS

We want Zurich to be a great place to work and we recognize the value of feedback and ideas from our employees. We actively listen to employees to measure engagement and loyalty through both the Employee Net Promoter Score (ENPS) and Organizational Health Index (OHI), which tell us what matters most to our people give us ideas of where we need to take action. Our leaders are accountable for creating the right environment so employees can get involved to make Zurich a great place to work. Since April 2017 our ENPS score has increased across the Group from –23 to +30 in October 2019.

“Catalyst is one of the most innovative and far-reaching executive development programs that Zurich has pioneered.”

Arnold Dhanesar
Chief Talent Officer at Zurich talks about his role and what Zurich wants to achieve with its programs like Catalyst.

7.2%
Group voluntary turnover

10 years
Average employee tenure

More on **page 30**

Stakeholder report 2019 – Employees (continued)

Participation in these surveys is high with 75 percent of employees taking the ENPS survey in April 2019, and 77 percent in October 2019. Examples of changes we have made based on employee feedback include putting more focus on individual development, getting consistent feedback, supporting employee wellbeing and making sure we measure performance in a fair, objective and transparent way.

Promoting a culture based on merit

A diverse culture drives innovation, motivates people, attracts talent, and is key to our success as a company. We need to give everyone an equal chance to perform at their best, be recognized for their contributions, and have opportunities to grow. To underscore our commitment, in 2019 Group CEO Mario Greco signed the UN Women's Empowerment Principles, which include establishing high-level corporate leadership for gender equality, measuring it, and reporting on progress. And through our equal pay regression analysis, using statistical analysis we can track whether men and women are paid 'equitably' for the same or similar roles and if gender could be a factor affecting pay.

To learn more about other ways Zurich is encouraging younger employees to take an active role see **page 17**

Measuring our progress

Our employees – operational KPIs

To be successful, Zurich needs to attract, select, develop and retain talented and diverse people. Our employees are one of our greatest strengths – they make our goals a reality.

Total number of employees
Headcount

2019	55,369
2018	53,535

Total number of employees
Full-time equivalents (FTE)

2019	54,030
2018	52,267

Talent retention
Employee turnover rate[1]

2019	13.6%
2018	14.1%

Talent retention
Technical functions voluntary turnover[1,2]

2019	6.5%
2018	7.0%

Organizational health and diversity
Females in Leadership Team

2019	22.6%
2018	22.3%

Organizational health and diversity[3]
Employee participation in Group-wide feedback channels

2019	76%
2018	70%

More on **page 30**

1 Turnover figures only consider regular and inpatriate employees.
2 Technical functions include claims, underwriting and risk engineering.
3 Group-wide feedback channels include organization health surveys, employee net promoter scores (ENPS) and any other Group-wide feedback channels. This KPI refers to the average participation rate in the two occurrences of the employee net promoter score survey.

A new way of working and learning in the U.S.

In 2016, Zurich introduced its apprentice program in the U.S. That same year Noelia Salgado began the program. It allowed her to finish her education while working. She completed the program in November 2017 and today works for Zurich as an underwriting support specialist. As she says, "I don't know of any other place where you can learn so much, meet so many different people and work in so many different departments."

Stakeholder report 2019 – Investors

Creating sustainable value for shareholders

Zurich has a highly cash-generative business model supporting an attractive and growing dividend.

Our proposition to investors

- A balanced and diverse global business
- Industry-leading capital levels
- Stable, consistent and conservatively managed balance sheet
- Consistent growth with scope to enhance returns through capital re-deployment

Zurich is a leading global insurer, serving individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. Zurich has significant market share in North America and Europe, a leading position in Latin America and a growing presence in Asia Pacific. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 countries and territories. It also provides certain non-claims and ancillary services to the Farmers Exchanges,[1] a leading personal lines insurer in the U.S.

Zurich is rated in the 'AA' range by three internationally recognized rating agencies. The estimated Zurich Economic Capital Model (Z-ECM) ratio stands at a very strong 129 percent[2] (calibrated to AA). Zurich's financial flexibility is strong, with a conservative 'Aa'-level leverage as defined by Moody's.

The Group's consistent and conservatively managed balance sheet is based on disciplined risk management and producing stable cash flows. A key element of the capital management strategy is to maximize capital fungibility by pooling risk, capital and liquidity centrally as much as possible. Zurich's investment portfolio is generally conservative with an asset allocation comprising mainly publicly traded fixed income securities, with moderate investments in other asset classes.

The Group is committed to a dividend payout of around 75 percent of net earnings, subject to a floor of the prior year dividend level, with dividend increases subject to sustainable earnings growth.

Corporate governance and sustainability

The balanced business profile of Zurich is also supported by best practice corporate governance. Its Board is independent and remarkably diverse in terms of gender and skills. Its remuneration principles align pay to performance and are an important element of the Group's risk management framework.

The Group's ambition is to be one of the most responsible and impactful businesses in the world. Zurich is the first insurance company having committed to setting targets in the framework of the UN Global Compact Business Ambition Pledge that aims at limiting global temperature rise to 1.5°C above pre-industrial levels.

As part of its pledge, it has updated its position on some of the most carbon-intense fossil fuels. In line with Zurich's prior thermal coal policy, Zurich has engaged with both clients and investee companies with more than 30 percent exposure to thermal coal, oil sands and oil shales in a dialogue over a two-year period with the aim to drive a deeper conversation regarding their credible mid to long-term transition plans. Further, Zurich will use only renewable energy as power by 2022, and as such has formally joined the RE100, a global leadership initiative bringing together influential businesses committed to 100 percent renewable electricity. Zurich's sustainable track record is demonstrated by its 'AA' rating from MSCI and by its outperformance to 99 percent of other companies in the insurance industry group of the Dow Jones Sustainability Indices in 2019.

Investor Day 2019

Zurich has announced a range of ambitious targets for the 2020–2022 period, which were presented to investors at an Investor Day in November together with an update on our strategic objectives. The new financial targets will continue to support Zurich's attractive dividend policy, which is unchanged.

For more details please refer to:
www.zurich.com/investor-relations

Investor relations team

Our investor relations team comprises nine individuals, who are responsible for communicating with investors.

For more information, visit: www.zurich.com/en/investor-relations/investor-relations-contact

[1] Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.
[2] Reflects midpoint estimates as of December 31, 2019 with an error margin of +/–5 pts.

Stakeholder report 2019 – Investors (continued)

Financial calendar

Annual General Meeting
April 1, 2020

Ex-dividend date
April 3, 2020

Dividend payable from
April 7, 2020

Update for the first three months
May 14, 2020

Zurich Insights – Investor Event
May 19, 2020

Half year results 2020
August 13, 2020

Update for the first nine months
November 12, 2020

Further details are available online:
www.zurich.com/en/investor-relations/calendar

Provision of financial information

Zurich's annual financial results are published in electronic form on Zurich's website. Detailed information for the Group and the key segments are published for the half and full year. Information on the Group's updates for the first three months and first nine months includes highlights for the quarter and qualitative comments on trading and market trends. Zurich's management hosts an investors' and analysts' call each quarter.

Monitoring and measuring our performance

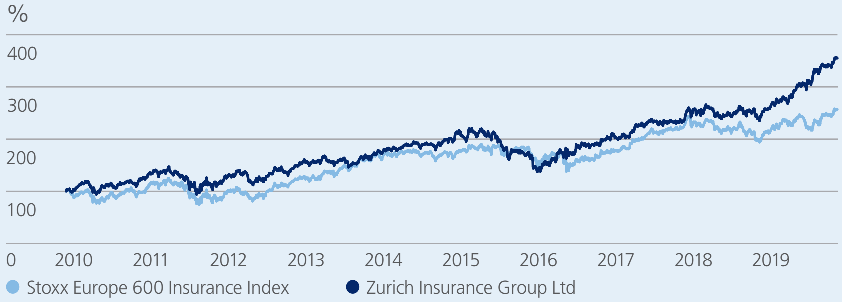
Proposed gross dividend per share for 2019

CHF 20.00[1] per share

(CHF 19.00 in 2018)

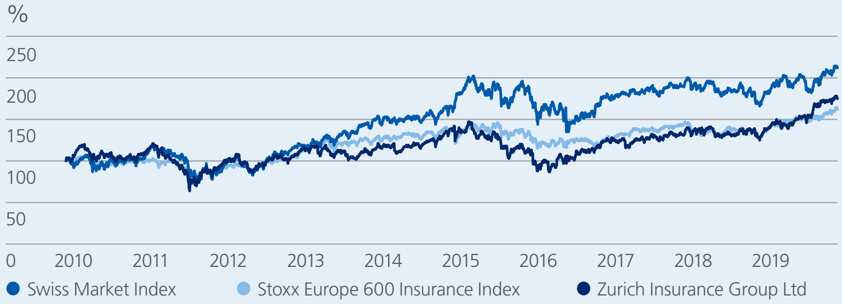
Dividend a key part of total shareholder return (TSR)

Total shareholder return in U.S. dollars



Source: Thomson Reuters Datastream

Zurich share performance (indexed) over the last 10 years



Source: Thomson Reuters Datastream

Share data (CHF)

As of December 31

	2019	2018
Dividend per share	**20.00[1]**	19.00
Share price at end of period	**397.10**	293.10
Price period high	**403.30**	320.00
Price period low	**293.00**	284.10
Market capitalization (CHF millions)	**59,409**	44,360

[1] Proposed dividend, subject to approval by shareholders at the Annual General Meeting, expected payment date as from April 7, 2020. Gross dividend, subject to 35 percent Swiss withholding tax.

For more details on dividends see:
www.zurich.com/en/investor-relations/our-shares/dividends

Stakeholder report 2019 – Communities and society

Taking a long-term view by acting now

Zurich is proud to make a difference in the lives and futures of our customers, employees, investors, communities and society at large. In 2019 we made some significant commitments to align our business to a low-carbon future by addressing climate risk.

Key achievements

- We want to do all we can to reduce climate risk, including by becoming the first insurer to sign a global pledge to help reduce global warming.
- Our impact investments in 2019 rose to USD 4.6 billion, and demonstrating our commitment to addressing climate risk, we improved our Carbon Disclosure Project (CDP) score.
- We continued to disengage and divest our exposure to harmful fossil fuels including thermal coal.
- We increased our commitment to help society understand and protect against climate risks, including through our Flood Resilience Alliance.

2019 marked an evolution in our approach to be a leader in sustainability. Through our actions, together with the Z Zurich Foundation, we are working to address the risks that will affect all of us in the future – unless we act today.

Providing leadership on global warming

In 2019 we signed up as the first insurer to the 'Business Ambition for 1.5°C Pledge,' which requires companies to set science-based targets aligned with limiting global temperature rise to 1.5 degrees Celsius (2.7 degrees Fahrenheit) above pre-industrial levels. We also have joined the UN's Net-Zero Asset Owner Alliance as a founding member, committing to a zero-emissions portfolio of investments by 2050.

According to the latest data available, in 2018[1] we achieved a 20 percent reduction in CO2-equivalent emissions per employee compared with the 2015 baseline.[1] This success is attributed to our continued focus on high quality, environmentally efficient workplaces, and maintaining our focus on responsible business travel. In 2019, Zurich joined the RE100 leadership initiative, committing to source 100 percent of electricity from renewable sources by end-2022. We have also been working diligently to eliminate single-use plastics from our operations and reduce internal paper usage by 80 percent. New emissions reductions targets will be set for our operations in 2020, in line with our 1.5°C Pledge.

Flood Resilience Alliance

Increasing resilience to floods

We established our Zurich Flood Resilience Alliance with funding from the Z Zurich Foundation in 2013. Its disaster risk reduction activities have so far directly benefited 225,000 people across 13 programs in nine countries, helping them to survive and even thrive despite risk of repeated flooding. The Alliance members are committed to advocating for increased investment into building resilience before a flood strikes, seeking to generate an additional USD 1 billion from public and private sources for 'pre-event' mitigation and helping make two million people worldwide more flood resilient. Its Post Event Review Capability (PERC) methodology won an outstanding achievement award from the U.S. National Hurricane Conference in 2019, recognizing our approach to evaluating how natural hazard events turn into community disasters.

To read about our award from the U.S. National Hurricane Conference see: www.zurichna.com/about/awards-and-recognitions

Our flood resilience alliance has directly benefited

225,000

people

[1] Environmental performance results for 2019 will be available after this Report is published.

Stakeholder report 2019 – Communities and society (continued)

Disengaging and divesting from thermal coal, oil sands and oil shale

Fossil fuels emit carbon dioxide (CO2) when burned and extracting them can harm the environment. We are working with customers and companies in which we invest that have more than 30 percent exposure to thermal coal, oil sands and oil shales to help them to reduce their use and exposure to these fuels. Zurich will also generally no longer underwrite or invest in companies generating more than 30 percent of their revenue from mining or more than 30 percent of their electricity from thermal coal.

Investing for the future

Our impact investment portfolio grew from USD 3.8 billion in 2018 to USD 4.6 billion in 2019, helping to avoid 2.8 million tons of CO2-equivalent emissions, and improve the lives of 4.2 million people annually. Green bonds in the impact portfolio, the largest single category, exceed USD 3 billion. Other asset classes are social and sustainability bonds. We have also invested in seven private equity funds active in areas like financial inclusion to give as many people as possible access to financial products and services, and clean technology. We are also financing impact infrastructure via our private debt portfolio, such as wind and solar farms.

Planting a forest, one policy at a time

In the UK, for every life or travel insurance policy bought online, we've pledged to plant one tree to help reduce carbon emissions. We planted almost 50,000 trees by the end of 2019.

To learn more see:
https://tree-nation.com/profile/zurich

Practical benefits of impact investing

In 2019, Zurich introduced an innovative framework for measuring the impact of social and environmental investments. Zurich believes the approach is the first of its kind to measure CO2-equivalent emissions avoided and the number of people who benefited from its investments, across asset classes and investment instruments.

See our sustainability highlights for more information about how we support communities:
www.zurich.com/sustainability

To learn more about our responsible investment approach:
www.zurich.com/en/sustainability/responsible-investment

Marking our progress

Impact investments can help promote sustainable growth and support communities while offering a financial return in line with risks. Zurich is committed to investing up to USD 5 billion in impact investments, thus aiming to improve the lives and livelihoods of five million people.

For all sustainability metrics, see **pages 29–35**

Zurich's total impact investments[1]
(USD billions)

Goal: USD 5bn impact investments

People benefiting from our impact investments[2]

4.2m in 2019

(2018: 2.4m)
Goal: 5m people

[1] Impact investments in 2019 consisted of: green bonds (USD 3.1 billion), social and sustainability bonds (USD 539 million), and investments committed to private equity funds (USD 163 million, thereof 36 percent drawn down) and impact infrastructure private debt (USD 747 million).
[2] Number of people who have benefited from services in education, health, housing or financial inclusion and other measures aimed at improving lives, improvements that are directly related to Zurich's investments.

Z Zurich Foundation

The Z Zurich Foundation: separate paths, one goal

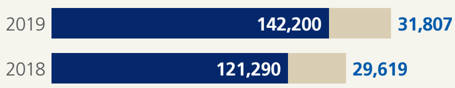
Using Zurich's skills and expertise, the Z Zurich Foundation (the Foundation), a private foundation funded by Zurich,[1] has made a tangible difference to the lives of people in thousands of communities over nearly 50 years and is continuing to develop new ways to make a difference to people in many parts of the world. It aims to improve the lives of more than 1 million vulnerable people and have a wider positive impact on 10 million other people by 2024.

Besides the Zurich-led award-winning global Flood Resilience Alliance, which the Foundation funds, it supports a variety of local projects around the world, for example, helping an organization train teachers in Turkey to run schools, to supporting 'Beyond Empathy' in Australia by participating in a film to bring the stories of young indigenous people to the attention of a wider audience.

The Foundation's success rests on the commitment of Zurich's employees who give their time, money and skills, including through organizations that work with Zurich. Part of our efforts include helping vulnerable people often overlooked by traditional insurance.

"The Foundation and Zurich help communities to build resilience, either directly or through charities we work with," says Gary Shaughnessy, Chair of the Board of Trustees of the Zurich Foundation.

Zurich employees contributing time and skills to improve lives and support those in need
Hours



● Total time volunteered by Zurich's workforce (business hours)
● Of which skills-based hours

A few of the many ways that the Z Zurich Foundation is making a difference:

Helping communities affected by Australia's wildfires

The Foundation is providing support to people affected by Australian bushfires that devastated parts of the continent in 2019 and 2020. In addition to the initial donation of AUD 100,000 split between the Australian Red Cross and the Rural Fire Service, the Foundation will contribute a further 50 percent on top of the first AUD 1 million donated to the Red Cross on a dedicated donation site. The funding will be used to provide immediate relief and to help communities in Australia to become more disaster-resilient, as well as to provide training, equipment and support for volunteers.

Fighting homelessness in Canada

In Canada, the Z Zurich Foundation worked with a group of charities that formed the RESOLVE Campaign to raise money to provide affordable housing for the homeless in Calgary. The Z Zurich Foundation committed CAD 1 million to one of the charities involved in the program to help pay off the mortgages on nearly 300 new, purpose-built housing units, while Zurich Canada employees volunteered to help individuals to develop life and job skills.

Volunteering in Latin America

The Foundation provided funding to help renovate a school in Colombia. In 2019, led by Zurich's CEO Latin America Claudia Dill, over 150 top Zurich executives from countries in the region joined local tradespeople to renovate the local school in Cartagena, Colombia. During the time they spent at the school, they could do a thorough job of repairing, painting, installing new plumbing, planting gardens and providing a library.

[1] Z Zurich Foundation is a charitable foundation established by Zurich Insurance Company Ltd and Zurich Life Insurance Company Ltd, in accordance with Swiss law, with registered office in Zurich. Z Zurich Foundation also collaborates with other local community investment programs; in the UK together with the Zurich Community Trust and in Germany with the Zurich Kinder- und Jugendstiftung.

Consolidated non-financial statements

Contents

We are including in our Annual Report information on a comprehensive set of 'non-financial' measures that we use to monitor and report information related to our four key stakeholder groups. The information is based on the requirements some of our subsidiaries and branches are required to follow since 2017, as stipulated by the Directive on the disclosure of non-financial and diversity information by certain large undertakings and groups (Directive 2014/95/EU). We believe that providing these metrics gives a more complete overview of our business, and shows how we monitor our effectiveness in these areas pertaining to social information and employees, customers, responsible investment, the environment, and our tax contributions. We have also used references to the Global Reporting Initiative (GRI) as an index to help our stakeholders find the information relevant to them throughout the Annual Report and on our Group website without adhering to the standards listed in the index in its entirety.
PricewaterhouseCoopers AG performed limited assurance procedures on the indicators for social and environmental matters as well as those related to responsible investment as outlined in their independent assurance report at the end of this section.

The information contained within the consolidated non-financial statements is based on the consolidated results of the Group for the years ended December 31, 2019 and 2018. Amounts are rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not always add up to the rounded total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with the stakeholders reports from the Group overview section of this Annual Report, and with the Sustainability Highlights 2019 report of the Group which is available on www.zurich.com.

Introduction

Zurich sees innovation and sustainability as key to our approach. We need both, working together to achieve our goals for all stakeholders: customers, employees, investors and communities.

"The next generation is looking to the future with uncertainty. The world has become less predictable. By being an innovative company, we want to give people faith in a more sustainable future."

Giovanni Giuliani
Group Head of Strategy, Innovation and Business Development

"We care about society and we need to find new ways to manage the global risks that we're facing. That requires innovative thinking that goes beyond simply looking for short-term solutions."

Linda Freiner
Group Head of Sustainability

Consolidated non-financial statements (continued)

Voice of the customer

	2019	2018	Change
Number of customers interviewed through Zurich's NPS program[1]	**1,047,000**	763,000	37%
Number of close the loop feedback calls	**72,000**	52,000	38%

[1] In 2019, Zurich interviewed over one million customers (including Zurich Santander) in 25 countries through its NPS (Net Promoter System) program.

Our global net promoter system (NPS) program provides us with insights on how to grow and retain existing as well as attract new customers by creating excellent customer experiences. Ultimately the aim is to increase the share of promoters we have among our customers. We measure NPS by sending surveys to our customers across 25 countries and are now covering 90 percent of our business (in revenue terms). We always close the loop with our detractors, a process in which all of our executives are also involved.

People indicators

	2019	2018	Change
Total number of employees – headcount	**55,369**	53,535	3%
Total number of employees – FTE (full time equivalents)	**54,030**	52,267	3%
Employee turnover rate[1]	**13.6%**	14.1%	(0.5 pts)
Average tenure (years)	**10**	10	n.m.
Group voluntary turnover[1]	**7.2%**	7.5%	(0.3 pts)
Technical functions voluntary turnover[1,2]	**6.5%**	7.0%	(0.5 pts)
Female workforce participation	**51.1%**	50.7%	0.4 pts
Female participation in Leadership Team	**22.6%**	22.3%	0.3 pts
Employee participation in Group-wide feedback channels[3]	**76.0%**	70.0%	6.0 pts
Employee net promoter score (ENPS)[4]	**+26**	+7	19.0 pts

Notes: For 2019, the heading of this section was changed to 'people indicators' to better reflect the content. The 'active learners' key performance indicator is not reported for 2019 due to a change in reporting systems. Bolivia and the Farmers Exchanges are not in scope of any above key performance indicators (KPIs). The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Zurich Insurance Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.
[1] Turnover figures only consider regular and inpatriate employees.
[2] Technical functions include Claims, Underwriting and Risk Engineering.
[3] Group-wide feedback channels include organization health surveys, employee net promoter scores (ENPS) and any other Group-wide feedback channels. This KPI refers to the average participation rate in the two occurrences of the employee net promoter score survey.
[4] ENPS is calculated as the average of the two surveys carried out during the year, measuring employee loyalty through the likelihood to recommend the company as a place to work. ENPS is based on the methodology of measuring and improving customer satisfaction and loyalty (transaction NPS and relationship NPS) which Zurich uses as a successful method to retain customers.

Community investment

	2019	2018	Change
Fundraising and donations (USD millions)	**2**	2	n.m.
of which from Zurich employees (USD millions)	**1**	1	n.m.
of which matching by Zurich business units (USD millions)[1]	**1**	1	n.m.
Total time volunteered by workforce (business hours)	**142,200**	121,290	17%
of which skills-based hours	**31,807**	29,619	7%
Workforce actively volunteering (% of total headcount)[2]	**20.3%**	n/a	n/a
Total full year charitable cash contributions by Zurich business units (USD millions)[1,3]	**12**	10	18%
Total full year charitable cash contributions by Zurich to Z Zurich Foundation (USD millions)[4]	**40**	–	n/a

Notes: Zurich Insurance Group and its employees are contributing through fundraising, volunteering and cash contributions apart from the community investment activities carried out by the Z Zurich Foundation.
[1] Excluded are corporate donations made by the Farmers Exchanges. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.
[2] In 2019, we reinstated our KPI for measuring the number of unique Zurich employees who participated in one or more volunteering events throughout the year.
[3] This includes the matching by Zurich business units amount in the fundraising and donations.
[4] Previously, charitable contributions of the Z Zurich Foundation were valued on a cash-out basis for the purposes of the key performance indicators. Starting from 2019, contributions cover the total charitable donations made by various legal entities of the Zurich Insurance Group to the Z Zurich Foundation on a cash-out basis. The previously reported 2018 figures have been restated based on that new approach.

Consolidated non-financial statements (continued)

Responsible investment

	2019	2018	Change
External asset managers who are signatories to PRI (%)[1]	**81.3%**	74.2%	7.1 pts
Group assets managed by PRI signatories (%)[2]	**97.5%**	97.2%	0.3 pts
Total amount of impact investments (USD millions)[3]	**4,555**	3,790	20%
Investment portfolio (USD millions)[4]	**204,803**	195,472	5%

1 The United-Nations supported Principles for Responsible Investment (PRI).
2 Including assets managed by Zurich.
3 Impact investments in 2019 consisted of: green bonds (USD 3.1 billion), social and sustainability bonds (USD 539 million), investments committed to private equity funds (USD 163 million, thereof 36 percent drawn down) and impact infrastructure private debt (USD 747 million).
4 The investment portfolio is calculated on a market basis, and is different from the total Group investments reported in the consolidated financial statements, which is calculated on an accounting basis and doesn't include cash and cash equivalents.

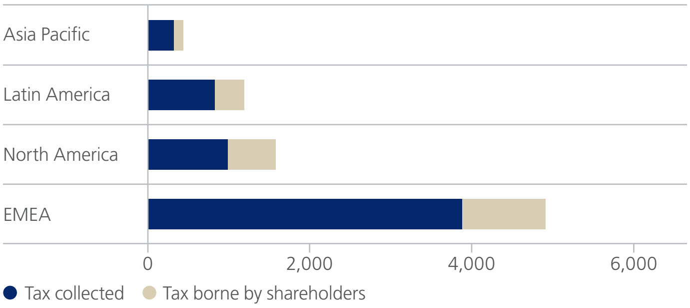
Environmental performance

	2018	2017	Change
Impact of real estate investment: Energy consumption (kWh per sqm)[1, 2]	**113**	114	(1%)
Impact of real estate investment: CO2e emissions (kg per sqm)[1, 2]	**27**	28	(4%)
Own operations: CO2e emissions per employee (metric tons per FTE)[2, 3]	**1.9**	2.1	(6%)

1 Scope includes real estate investments in Switzerland (40 percent of global direct real estate investment value). Buildings in the real estate investment portfolio are largely not used by Zurich. The data are based on meter readings and energy supplier information and are heating degree adjusted.
2 CO2e emissions per employee data 2019 will be available in Q2 2020, and Impact of real estate investment data 2019 will be available in Q1 2021.
3 Includes emissions from own-use real estate (electricity and heat), from air travel, rail and cars (rental cars and car fleet).

Total tax contributions[1] 2018[2]

2018 total tax contributions by region
in USD millions



1 Numbers based on IFRS excluding deferred income tax.
2 Tax contributions for 2019 will be available in Q2 2020.

Top 10 countries with the highest total tax contribution in 2018

Country (in USD millions)	Total tax contribution	Tax collected	Tax borne by shareholders
U.S.	1,546	954	592
Switzerland	1,372	1,076	295
Germany	1,086	855	231
UK	848	693	155
Brazil	513	330	183
Italy	452	379	73
Spain	382	234	148
Austria	315	290	25
Argentina	305	223	82
Australia	294	242	52

The balance between 'total tax collected' and 'tax borne by shareholders' varies between regions and countries due to Zurich's local footprint but also due to different characteristics of the various tax jurisdictions where Zurich operates.

GRI 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. We have used references to the Global Reporting Initiative (GRI) as an index below to help our stakeholders find the information relevant to them throughout the Annual Report and on our Group website without adhering to the standards listed in the index in its entirety. This index lists the organization's reports and web pages and their reference to the following GRI Standards.

General Disclosures

Number	Disclosure name	Reference and page number
102-1	Name of the organization	**AR inside front cover (ifc)**
102-2	Activities, brands, products, and services	**AR ifc, 11 to 15 and 18 to 21; SR 12 to 15**
102-3	Location of headquarters	**AR ifc**
102-4	Location of operations	**AR 10 to 15, 270 and 283 to 287**
102-5	Ownership and legal form	**AR 188 and 299**
102-6	Markets served	
102-7	Scale of the organization	**AR ifc**
102-8	Information on employees and other workers	**AR 16 to 17, 22 to 23 and 30**
102-9	Supply chain	**SR 37; CDP**
102-10	Significant changes to the organization and its supply chain	**AR 5 to 7, 10 to 17, 175 and 205 to 207**
102-11	Precautionary principle or approach	**AR inside back cover**
102-12	External initiatives	**AR 20 to 28; SR 11 and 38 to 39**
102-13	Membership of associations	**CDP**
102-14	Statement from senior decision-maker	**AR 2 to 7, 38 to 39, 90 to 91, 126 to 127, 164 to 165 and 176 to 177; SR 5**
102-15	Key impacts, risks, and opportunities	**AR 10 to 17 and 126 to 127; CDP; SR 7 to 9 and 14 to 15**
102-16	Values, principles, standards, and norms of behavior	**AR 4 to 8; SR 10**
102-17	Mechanisms for advice and concerns about ethics	**AR 78**
102-18	Governance structure	**AR 41 to 43; SR 10; CDP**
102-19	Delegating authority	**SR 10; CDP**
102-20	Executive-level responsibility for economic, environmental, and social topics	**AR 58; SR 10**
102-21	Consulting stakeholders on economic, environmental, and social topics	**SR 7 to 8**
102-22	Composition of the highest governance body and its committees	**AR 46 to 63**
102-23	Chair of the highest governance body	**AR 2 to 3, 38 to 39 and 48; SR 10**
102-24	Nominating and selecting the highest governance body	**AR 48**
102-25	Conflicts of interest	**AR 54 and 74 to 78**
102-26	Role of highest governance body in setting purpose, values, and strategy	**AR 62**
102-27	Collective knowledge of highest governance body	**AR 62**
102-28	Evaluating the highest governance body's performance	**AR 56 to 58**
102-29	Identifying and managing economic, environmental, and social impacts	**AR 57 to 58**
102-30	Effectiveness of risk management processes	**AR 155**
102-31	Review of economic, environmental, and social topics	**AR 38 to 39**
102-32	Highest governance body's role in sustainability reporting	**AR 57; CDP**
102-33	Communicating critical concerns	**AR 69; CDP**
102-35	Remuneration policies	**AR 97 to 100**
102-36	Process for determining remuneration	**AR 100 to 106**
102-37	Stakeholders' involvement in remuneration	**AR 104 and 106**
102-40	List of stakeholder groups	**AR 18; SR 7; CDP**
102-41	Collective bargaining agreements	
102-42	Identifying and selecting stakeholders	**SR 7**
102-43	Approach to stakeholder engagement	**AR 18 to 19; SR 7**
102-44	Key topics and concerns raised	**SR 7 to 8**
102-45	Entities included in the consolidated financial statements	**AR 283 to 287**
102-46	Defining report content and topic boundaries	**AR 188 to 193 and 299**
102-47	List of material topics	**SR 7 to 8**
102-49	Changes in reporting	**AR 190 to 193**
102-50	Reporting period	**AR 188 to 189 and 299**
102-51	Date of most recent report	**SR 1; CDP**
102-52	Reporting cycle	**AR 179; SR 4; CDP**
102-53	Contact point for questions regarding the report	**AR 313**
102-55	GRI content index	**AR 32 to 33; SR 42 to 43**
102-56	External assurance	**AR 34 to 35, 75 to 76, 122, 290 to 295 and 306 to 309; SR 40 to 41**

Key:

AR Annual Report 2019 **SR** Sustainability highlights 2019*
CDP CDP submission 2019 Link to Zurich Insurance Group website

* The Sustainability Highlights 2019 report includes the United Nations Global Compact communication on progress and our progress in implementing the UN Environment Programme Finance Initiative Principles for Sustainable Insurance. For more information see www.zurich.com/en/sustainability

GRI index (continued)

	Number	Disclosure name	Reference and page number
Management Approach	103-1	Explanation of the material topic and its boundary	**SR 7 to 9**
	103-3	Evaluation of the management approach	**AR 62 to 63; SR 7 to 9**
Economic Performance	201-1	Direct economic value generated and distributed	**AR 179 to 187**
	201-2	Financial implications and other risks and opportunities due to climate change	**AR 157 to 160; CDP**
	201-3	Defined benefit plan obligations and other retirement plans	**AR 242 to 249**
	201-4	Financial assistance received from government	**AR 234**
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	**SR 17 to 18 and 27 to 30; CDP**
	203-2	Significant indirect economic impacts	**SR 14, 28 to 30 and 32 to 34; CDP**
Materials	301-2	Recycled input materials used	
Energy	302-1	Energy consumption within the organization	**CDP**
	302-3	Energy intensity	**CDP**
	302-4	Reduction of energy consumption	**SR 35 to 37; CDP**
Emissions	305-1	Direct (Scope 1) GHG emissions	**AR 1 and 31; SR 37; 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	**SR 35; CDP**

	Number	Disclosure name	Reference and page number
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	**CDP**
Employment	401-1	New employee hires and employee turnover	**AR 30; SR 26**
Occupational Health and Safety	403-1	Occupational health and safety management system	**SR 24**
	403-6	Promotion of worker health	**SR 24 to 25**
Training and Education	404-1	Average hours of training per year per employee	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	**AR 30 and 49**
Public Policy	415-1	Political contributions	

Key:

AR Annual Report 2019 **SR** Sustainability highlights 2019*

CDP CDP submission 2019 Link to Zurich Insurance Group website

* The Sustainability Highlights 2019 report includes the United Nations Global Compact communication on progress and our progress in implementing the UN Environment Programme Finance Initiative Principles for Sustainable Insurance. For more information see www.zurich.com/en/sustainability

Independent assurance report

To the Executive Committee of Zurich Insurance Group AG, Zurich

We have been engaged to perform assurance procedures to provide limited assurance on the non-financial reporting of Zurich Insurance Group AG and its consolidated subsidiaries ('ZIG') for the year ended December 31, 2019.

Scope and Subject matter

Our limited assurance engagement focused on selected non-financial indicators published in the Annual Report 2019 of ZIG:

a) The 2019 "People indicators" on page 30, the 2019 "Community investment" indicators on page 30, the 2019 "Responsible investment" indicators on page 31 and the 2018 "Environmental performance" indicators on page 31 ("the non-financial indicators"); and

b) The management and reporting processes with respect to the selected non-financial indicators as well as the control environment in relation to the aggregation of these non-financial indicators.

Criteria

The reporting criteria used by ZIG are described in the internal reporting guidelines and define those procedures, by which the non-financial indicators are internally gathered, collated and aggregated.

Inherent limitations

The accuracy and completeness of non-financial indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with ZIG's internal guidelines, definitions and procedures on non-financial reporting. Further, the greenhouse gas 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.

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 conclusion based on our limited assurance procedures on whether anything has come to our attention to indicate that the non-financial 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 non-financial 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.

Independent assurance report (continued)

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 work performed
Our limited assurance procedures included, but were not limited to the following work:

- Reviewing the application of ZIG's internal guidelines using a sample of affiliates in Switzerland, UK, USA, Germany, Spain, Ireland, Isle of Man and Hong Kong
- Interviewing ZIG representatives at Group level responsible for the data collection and reporting
- Performing tests on a sample basis of evidence supporting the non-financial indicators as outlined in the scope and subject matter section concerning completeness, accuracy, adequacy and consistency
- Inspecting the relevant documentation on a sample basis
- Reviewing and assessing the management reporting processes for non-financial reporting and consolidation and their related controls

We have not carried out any work on data 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 conclusion
Based on the procedures we performed, nothing has come to our attention that causes us to believe that

a) The non-financial 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 reporting guidelines; and

b) The management and reporting processes to collect and aggregate the non-financial indicators as well as the control environment in relation to the data aggregation are not functioning as designed.

PricewaterhouseCoopers AG

Peter Eberli Raphael Rutishauser

Zurich, February 20, 2020