Corporate Governance and Sustainability at Zurich

November 2019

Zurich Insurance Group
Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the ‘Group’).

Forward-looking statements include statements regarding the Group’s targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group’s understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to ‘Farmers Exchanges’ mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims administrative, management, and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.
### Key messages

<table>
<thead>
<tr>
<th>Strategy</th>
<th>We have delivered on our 2017-2019 strategy and will further focus on becoming a leading customer oriented insurer with a culture of innovation and empowerment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Governance</td>
<td>We have a highly diverse board combined with strong governance</td>
</tr>
<tr>
<td>Remuneration</td>
<td>Our remuneration architecture aligns pay to performance while promoting desired managerial behaviors</td>
</tr>
<tr>
<td>Sustainability</td>
<td>We are recognized as a leader in sustainability and focus on the transformational themes of a new social contract, climate change and confidence in digital society for our future success</td>
</tr>
<tr>
<td>Climate change</td>
<td>We have a critical role in support of the transition to a low-carbon economy as an insurer and investor and showcase a more sustainable approach with our own operations</td>
</tr>
</tbody>
</table>
## Index

<table>
<thead>
<tr>
<th>SECTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic update</td>
<td>5-8</td>
</tr>
<tr>
<td>Environment, Social and Governance focus</td>
<td>9</td>
</tr>
<tr>
<td>Board composition and assessment</td>
<td>10-12</td>
</tr>
<tr>
<td>Remuneration</td>
<td>13-18</td>
</tr>
<tr>
<td>Our focus on Sustainability</td>
<td>19-21</td>
</tr>
<tr>
<td>ESG in Underwriting</td>
<td>22-23</td>
</tr>
<tr>
<td>ESG in Investments</td>
<td>24</td>
</tr>
<tr>
<td>A new social contract</td>
<td>25-27</td>
</tr>
<tr>
<td>A changing climate</td>
<td>28-29</td>
</tr>
<tr>
<td>Confidence in digital society</td>
<td>30-31</td>
</tr>
<tr>
<td>Capital authorizations</td>
<td>32</td>
</tr>
</tbody>
</table>
We have delivered on our targets and become more competitive and customer oriented.

**KEY ACHIEVEMENTS**

- **Sharpened customer focus**: Improvement TNPS in all regions since 2018
- **Broader distribution**: [Logos of ANZ, ADIRA, ALLIANCE BANK, HSBC, etc.]
- **More leading positions**: [Logos of BRCIS, Cover•More]
- **Culture of innovation and empowerment**: MAKE THE DIFFERENCE, Gold award Efma Accenture Innovation in Insurance Awards

**2017-2019 TARGETS** (USDbn, %)

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>HY-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOPAT ROE</td>
<td>&gt;12%</td>
<td>15.0%</td>
</tr>
<tr>
<td>EXPENSE SAVINGS</td>
<td>1.5bn</td>
<td>1.3bn</td>
</tr>
<tr>
<td>Z-ECM</td>
<td>100-120%</td>
<td>113%¹</td>
</tr>
<tr>
<td>Cash remittances</td>
<td>&gt;9.5bn</td>
<td>9.2bn</td>
</tr>
</tbody>
</table>

¹ Q3-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.
Over 2020-22 we will continue our journey to create the leading customer oriented insurer

FOCUS ON THE CUSTOMER
- Develop transactional buyers into long-term Zurich customers
- Balance our Commercial customer segment mix

SIMPLIFY
- Enable better product and service offering
- Continue to leverage technology to simplify the business and operations

INNOVATE
- Accelerate innovation of products and delivery models
- Develop value adding services
- Use data & analytics capabilities to drive performance

OUR AMBITION
- Become the preferred insurer for all our Retail customers
- Be the leader in underwriting capabilities and customer focus in Commercial
Zurich is stepping up its financial targets for 2020-2022

<table>
<thead>
<tr>
<th>FINANCIAL TARGETS</th>
<th>2017-2019 DELIVERED</th>
<th>2020-2022 AMBITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOPAT ROE(^1) in excess of 12% and increasing</td>
<td>BOPAT ROE(^1) in excess of 14% and increasing</td>
<td></td>
</tr>
<tr>
<td>Cumulative cash remittances in excess of USD 9.5bn over 2017-2019</td>
<td>Cumulative cash remittances in excess of USD 11.5bn over 2020-2022</td>
<td></td>
</tr>
<tr>
<td>USD 1.5bn in net savings by 2019 compared to the 2015 baseline</td>
<td>Compound organic earnings per share growth(^2) of at least 5% p.a.</td>
<td></td>
</tr>
<tr>
<td>Z-ECM ratio to remain in 100-120% range</td>
<td>Z-ECM ratio to remain in 100-120% range</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Business Operating Profit after tax return on equity, excluding unrealized gains and losses.
\(^2\) Before capital deployment.

<table>
<thead>
<tr>
<th>CUSTOMER KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net new retail customers</td>
</tr>
<tr>
<td>Brand consideration</td>
</tr>
</tbody>
</table>
Our proposition to investors

HIGHLY CASH GENERATIVE BUSINESS MODEL SUPPORTING AN ATTRACTIVE AND GROWING DIVIDEND, BASED ON:

1. A balanced and diverse global business
2. Industry leading capital levels
3. Stable, consistent and conservatively managed balance sheet
4. Consistent growth with scope to enhance returns through capital re-deployment
Zurich embeds environmental, social and governance issues in all aspects of the business

<table>
<thead>
<tr>
<th>Corporate governance</th>
<th>An independent and diverse Board ensuring effective corporate governance and strategic oversight, and fostering ESG integration in the business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A remuneration architecture ensuring outcomes in sync with business performance results including financial, customer and people metrics</td>
</tr>
<tr>
<td>Employer</td>
<td>Pro-active promotion of diversity at the workplace with 11 countries EDGE certified</td>
</tr>
<tr>
<td></td>
<td>Focus on employee engagement resulting in strong employee net promoter score (ENPS) improvement</td>
</tr>
<tr>
<td>Insurer</td>
<td>Delivering solutions to customers that create positive social and environmental impact</td>
</tr>
<tr>
<td></td>
<td>Proactive engagement with customers to support their transition to a low carbon economy</td>
</tr>
<tr>
<td>Investor</td>
<td>Impact investment portfolio of USD 4.5bn per Sep 2019, with an ambition of USD 5bn to help avoid 5m tons of CO2 and benefit 5m people</td>
</tr>
<tr>
<td>Community member</td>
<td>Investing in local and global community programs to create social impact, enhance resilience and engage employees in skills based volunteering</td>
</tr>
</tbody>
</table>
Our Corporate Governance Framework reflects global best practice

<table>
<thead>
<tr>
<th>BOARD’S PRINCIPLES</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Best practice</strong></td>
<td><strong>Description</strong></td>
</tr>
</tbody>
</table>
| Composition        | • 11 fully independent external Board Members  
                    • Balanced mix of nationalities and gender  
                    • Broad set of experience, skills |
| Performance        | • Periodical external assessment and action plan |
| Accountability     | • Clear accountabilities of Board supported by committees, Chair, CEO and Executive Committee members  
                    • Full separation of CEO and Chairman roles |
| Responsibilities   | • Responsibility for strategy and organisation; strong focus on risk management and sustainability |
| Remuneration       | • Board’s fixed fees, not performance related, of which 50% are paid in sales-restricted shares for 5 years |

**A DIVERSE BOARD COMPOSITION**

- Female: 45%
- Male: 55%
- LUX: 8%
- CH: 25%
- US: 33%
- UK: 8%
- GER: 17%
- SING: 8%

**Experience:**
- <5 years: 80%
- 5-10 years: 20%

**Fields of Expertise:**
- Insurance
- Banking
- Non-Financials
- IT & Technology
- Macro-economics
- Regulatory & governance
- Audit & accounting

---

1 Per Sep 2019.
Zurich Board fees have remained unchanged since 2015

ZURICH’S BOARD REMUNERATION BENCHMARKED VS SMI (CHF 000)

### CHAIRMAN FEES

<table>
<thead>
<tr>
<th>Comparator</th>
<th>SMI Top 5</th>
<th>SMI Top 10</th>
<th>SMI Top 20</th>
<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMI Top 5</td>
<td>3,800</td>
<td>3,647</td>
<td>1,201</td>
<td>1,500</td>
</tr>
<tr>
<td>SMI Top 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMI Top 20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### VICE-CHAIRMAN FEES

<table>
<thead>
<tr>
<th>Comparator</th>
<th>SMI Top 5</th>
<th>SMI Top 10</th>
<th>SMI Top 20</th>
<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMI Top 5</td>
<td>525</td>
<td>525</td>
<td>405</td>
<td>400</td>
</tr>
<tr>
<td>SMI Top 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMI Top 20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### BOARD MEMBER BASE FEES

<table>
<thead>
<tr>
<th>Comparator</th>
<th>SMI Top 5</th>
<th>SMI Top 10</th>
<th>SMI Top 20</th>
<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMI Top 5</td>
<td>295</td>
<td>265</td>
<td>210</td>
<td>240</td>
</tr>
<tr>
<td>SMI Top 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMI Top 20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### EST. BOARD MEMBER COMMITTEE FEES

<table>
<thead>
<tr>
<th>Comparator</th>
<th>SMI Top 5</th>
<th>SMI Top 10</th>
<th>SMI Top 20</th>
<th>Zurich</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMI Top 5</td>
<td>110</td>
<td>95</td>
<td>70</td>
<td>60</td>
</tr>
<tr>
<td>SMI Top 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMI Top 20</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Excluding Zurich; Benchmarking produced by Aon per October 15, 2019.
2 As most companies do not have a single committee membership fee, but instead pay a fee per committee membership, Zurich’s fee structure is not directly comparable to other companies. In order to facilitate a comparison, a calculated proxy committee allowance for each comparator is shown by assuming that the committee allowance is equal to the sum of an AuditCo and RemCo membership fees.
The Board ensures high quality of engagement focused on priorities

### 2019 BOARD PRIORITIES

#### STRATEGY
- Preparation of new strategic cycle and group targets
- Dedicated sessions for building sustainable & customer-centric business model

#### RISK MANAGEMENT & CONTROLS
- Review of internal control framework enabling integrated view of risks and assurance

#### SUSTAINABILITY
- Driving the Group new sustainability strategy, approving targets and assessing execution progress

#### SUCCESSION PLANNING
- Strong pipeline assessed and maintained
- Focus on D&I throughout organization

#### ON-BOARDING AND TRAINING
- New on-boarding process implemented for 3 new board members
- Ongoing training through regular dedicated sessions
Remuneration structure and degree of variability varies per organizational level

2018 REMUNERATION PER ELEMENT

**DIRECTORS**
- Full remuneration
- 100%

**CEO**
- 22% LTIP
- 1% Annual target allocation
- 49% Fees / Base salary

**EXCO**
- 25% LTIP
- 7% Annual target allocation
- 3% Fees / Base salary
- 40% Shareholdings

**EMPLOYEES**
- 71% LTIP
- 9% Annual target allocation
- 8% Fees / Base salary
- 9% Shareholdings

Fees / Base salary benchmarked towards local relevant market median

**STIP**
- 1-year performance period, paid in cash
- Award mainly driven by relevant BOP and selectively relevant TNPS, as well as individual performance assessment

**LTIP**
- Annual target allocation
- Pre-defined performance criteria NIAS ROE, Cash Remittance and TSR assessed over 3 years
- Three-year cliff vesting; Half of vested shares sales-restricted for additional 3 years for ExCo

**Pensions**
- Designed at median of relevant market practice
- In recent years shift away from defined benefit

**Benefits**
- In line with the local market, can include life insurance, medical coverage and flexible benefits
- Expatriate/cross-border allowances.

---

1 At target, as a percentage of total remuneration as per Dec 31, 2018; for Directors, includes fees paid in cash and shares.
Zurich has been delivering performance to the shareholders

**TOTAL SHAREHOLDER RETURN IN USD (SINCE JAN 1, 2016)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Zurich Insurance Group</th>
<th>STOXX Europe 600 Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2017</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2018</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2019</td>
<td>150%</td>
<td>150%</td>
</tr>
</tbody>
</table>

**DIVIDEND PER SHARE (CHF)**

- **FY-16**: 17 CHF
- **FY-17**: 18 CHF (+6%)
- **FY-18**: 19 CHF

1 Source: Datastream, as of November 1, 2019.
Performance reflected in variable remuneration outcomes

AVERAGE STIP AWARD LEVEL AS % OF TARGET

2014: 96%  
2015: 65%  
2016: 109%  
2017: 106%  
2018: 109%  
\( \bar{\sigma} = 97 \)

DRIVERS (PER MARKET AND ORGANISATIONAL LEVEL)

- Business Operating Profit
- Customer metrics
- Investment results
- Qualitative assessment of performance
- Growth, profitability and customer-related measures for Farmers Management Services

LTIP VESTING LEVEL AS % OF TARGET

2015: 139%  
2016: 0%  
2017: 121%  
2018: 83%  
2019: 149%  
\( \bar{\sigma} = 98 \)

DRIVERS

- Relative TSR\(^1\) against international group of insurers
- NIAS ROE
- Cash Remittance

\(^1\) Out of a pre-selected list of 18 peers (including Zurich).
Customer focus is increasingly part of the remuneration architecture

GRADUAL ROLL OUT OF TNPS IN STIP POOL FUNDING

Global TNPS used for Group functions 20% Funding

Country TNPS used for Country employees (non Leadership Team) 20% of Funding

67% of GWP and policy fees

6 countries
2018

83% of GWP and policy fees

16 countries
2019

More countries
2020

1 TNPS stands for Transactional Net Promoter System – with NPS being the global best practice standard for customer experience measurement.

2 Includes Group, Region, Control Function, Leadership Team, Commercial Insurance above business units; Farmers is also measured against customer metrics on a separate basis.
## REMUNERATION GOVERNANCE

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>Recommended by</th>
<th>ZURICH’S APPROVAL</th>
<th>SHAREHOLDERS’ APPROVAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration architecture</td>
<td>Board Remuneration Committee</td>
<td>Board</td>
<td>Consultative Vote</td>
</tr>
<tr>
<td>Relevant chapters within the Organizational Rules</td>
<td></td>
<td></td>
<td>Binding vote</td>
</tr>
<tr>
<td>Zurich Remuneration Rules</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remuneration Report</td>
<td>Board Remuneration Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors remuneration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group CEO remuneration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ExCo remuneration</td>
<td>Group CEO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total variable remuneration pool</td>
<td>Board Remuneration Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STIP funding pools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTIP vesting level</td>
<td>Board Remuneration Committee After CEO proposal &amp; GRM review</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1. On recommendation of Group CEO.
2. Remuneration Report addresses remuneration architecture, rules and disclosures.

---

A strong governance framework ensuring alignment of interest with Shareholders
The governance framework is supported by additional safeguards

SAFEGUARDS TO REMUNERATION

- Notice period of max 12 months
- Claw back clause
- Hedging prohibited for share-based remuneration
- Minimum share ownership
- Malus on STIP and LTIP
- Risk-based assessment for Key Risk Takers

1 For ExCo members.
2 Members of the Board of Directors: at the level of one times the basic annual fee / CEO: vested awards at the level of five times base salary / Other members of the ExCo: vested awards at 2.5 times base salary.
3 For all relevant employee groups.
Our materiality analysis identifies three transformational themes key to our future success

1. **A CHANGING CLIMATE**
   - Providing insights, protection and transparency to support the transition to a low carbon economy and manage climate risks.

2. **CONFIDENCE IN A DIGITAL SOCIETY**
   - Making people and organisations more resilient by enabling and inspiring confidence in a digital economy.

3. **A NEW SOCIAL CONTRACT**
   - Providing support to our employees and customers as we navigate together the impact of the changing nature of work.

---

**OUR FOCUS ON SUSTAINABILITY**

November 2019

CORPORATE GOVERNANCE AND SUSTAINABILITY AT ZURICH
We have progressed in line with our evolving sustainability philosophy

2010
- Zurich drops out of the DJSI

2011
- Zurich re-enters the DJSI

2014
- Bronze class in DJSI

2015
- #2 in DJSI Silver class

2016
- #3 in DJSI Silver class

2017
- #5 in DJSI Bronze class

2018
- #3 in DJSI Silver class

2019
- #2 in DJSI Bronze class

2008/9
- Z Zurich Foundation established

2011
- Approval of Zurich’s 1st Corporate Responsibility strategy

2012
- Goals and plans for seven focus areas developed and agreed
- Signatory of the PRI

2014/15
- Proof-point examples:
  - USD 2bn green bond commitment
  - 10% PE impact investing allocation
  - Flood resilience measurement framework developed & tested
  - Carbon neutrality
  - Group-wide Health & Safety standards
  - Diversity & Inclusion incorporated into our People Strategy
  - Sustainability risk framework in underwriting

2017
- Approval of a new sustainability ambition for Zurich
- Signatory of the UN Principles for Sustainable Insurance

2019
- ExCo & Board alignment for 2019-2020 priorities
- New policy on thermal coal, oil sands & oil shales
- Signed the Business Ambition for 1.5°C pledge
The Group’s focus and achievements on sustainability is widely recognized by external bodies

### OUR RATINGS

<table>
<thead>
<tr>
<th>Rating Source</th>
<th>Rating/Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI ESG Ratings</td>
<td>‘AA’ rating¹</td>
</tr>
<tr>
<td>Dow Jones Sustainability Indices</td>
<td>#2 in insurance group²</td>
</tr>
<tr>
<td>Sustainalytics</td>
<td>Leader, #4 in insurance group³</td>
</tr>
<tr>
<td>FTSE4Good</td>
<td>Absolute Score of 4.2 (out of 5.0)⁴</td>
</tr>
</tbody>
</table>

### OUR LONG TERM COMMITMENT

- **THE GLOBAL COMPACT**
- **PRI** - Principles for Responsible Investment
- **BUSINESS AMBITION FOR 1.5°C**
- **UNEP Finance Initiative**
- **CDP** - Disclosure, Insight, Action

---

² RobecoSAM Company Benchmarking Scorecard 2019, 99% percentile.
³ Sustainalytics ESG rating Report July 2019, 98% percentile.
⁴ FTSE Industry Classification Benchmark (ICB), June 2019.
ESG IN UNDERWRITING

ESG considerations are included in our underwriting decisions

WHAT WE DO...

In 2012, introduced our position on:
- banned weapons,
- dam construction,
- oil / gas / mining in environmentally-sensitive areas, and
- transactions with human-rights implications

In 2017 and 2019, expanded the scope to:
- further restrict thermal coal, and
- include oil sands, oil shale, and purpose-built infrastructure for oil sands

CASE EXAMPLE...

A multi-billion dollars company in utility business
- Consistently profitable account over 10+ years

SCOPE

CUSTOMER

>50% of revenue of power generation business derived from thermal coal
- Zurich announced divestment of equity holdings and initiated underwriting action

APPROACH

ESG considerations form part of our underwriting practice
- Established central expert team to provide consultation to Zurich offices and handle referrals
- Automated pre-screening by using 3rd party data to identify potential sustainability exposure
- Engage in a risk-based dialogue with a number of companies regarding their transition plans to encourage alignment with Zurich’s position and in consideration of Science Based Targets
- In cases where alignment is not possible, final decision to disengage with a customer is made jointly by insurance and investments

SITUATION

NEXT STEPS

Customer announced changes in their power generation strategy
- Subject to re-analysis, Zurich can continue providing insurance coverage and resume investing in equities

November 2019

Corporate Governance and Sustainability at Zurich 22
We are applying a risk and engagement based approach

EXISTING POSITIONS & GUIDELINES

• Banned cluster munitions and antipersonnel land mines
• Oil sands, oil shale and thermal coal
• Human rights and labour rights
• Dam construction, oil, gas and mining governance, human rights and environmental risks

DETECT

ASSESS

DEVELOP POSITION

ENGAGE

CONTINUE RELATIONSHIP

TRANSITION OR DIVEST

November 2019
We are a global insurance leader with regard to responsible investments\(^1\)

**RESPONSIBLE INVESTMENT IS INTEGRAL TO OUR INVESTMENT PHILOSOPHY AND APPROACH**

<table>
<thead>
<tr>
<th>Integration</th>
<th>Impact Investing</th>
<th>Advancing Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Intentionality</td>
<td>Innovation</td>
</tr>
<tr>
<td>Information</td>
<td>Measurability</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Process Integration</td>
<td>Profitability</td>
<td>Public advocacy</td>
</tr>
<tr>
<td>Active Ownership</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

89\% of in-scope assets managed with clear process for ESG integration
Zurich ensures adequate ESG training and access to data pertaining to ESG issues
Asset managers expected to execute proxy votes to Zurich Proxy Voting Guidelines

Green bonds: USD 3.0 bn\(^2\)
Social and sustainability bonds: USD 0.5 bn\(^2\)
Infrastructure private debt: USD 0.7 bn\(^2\)
Target 10\% of Private Equity investments in impact investments

Signatories of UN-backed Principles for Responsible Investment (PRI) and Principles for Sustainable Insurance (PSI)
Collaborating with a number of industry initiatives and research bodies.

**Impact target:** double our impact investments to USD 5bn to help avoid 5m tons of CO2 and benefit 5m people
**Climate target:** net-zero carbon portfolios by 2050

---

1. Top percentile of sector for MSCI ESG RI rating; selected by PRI be part of “PRI Leaders’ Group” due to performance in selecting, appointing and monitoring external managers.
Zurich today is a capable and diverse organization working effectively in a simplified, customer facing operating model.

**EMPLOYEES BY GENDER**

- 53,535 employees in total
- 49% Male
- 51% Female

**FEMALE REPRESENTATION**

<table>
<thead>
<tr>
<th>ExCo</th>
<th>2017</th>
<th>31%</th>
<th>2018</th>
<th>33%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership team</td>
<td>2017</td>
<td>21%</td>
<td>2018</td>
<td>22%</td>
</tr>
</tbody>
</table>

**OUR ORGANIZATIONAL FOOTPRINT**

- North America: 16,047
- EMEA: 21,315
- Asia Pacific: 7,373
- Latin America: 7,367
- CC: 1,433

**Average Nationality Tenure**

<table>
<thead>
<tr>
<th>Nationalities</th>
<th>Average Tenure</th>
<th>Average Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExCo</td>
<td>10</td>
<td>14%</td>
</tr>
<tr>
<td>Leadership team</td>
<td>109</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Average Nationality Turnover**

<table>
<thead>
<tr>
<th>Nationalities</th>
<th>Boomer</th>
<th>Gen X</th>
<th>Gen Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExCo</td>
<td>20%</td>
<td>44%</td>
<td>36%</td>
</tr>
</tbody>
</table>

---

2. Average tenure as per 31.12.2018
3. Annualized turnover in 2018 (2017: 15%).
We are making work better by listening and acting on insights to create happier, more capable, customer-led teams

2017 – 2019 PROGRESS

BUILDING A HIGH PERFORMANCE CULTURE AND RESTORING EMPLOYEE CONFIDENCE

- Simplified, customer-focused Operating Model
- Improved People Leadership quality
- Talent Management discipline shifting from ‘buy’ to ‘build’
- Integrated Performance and Development
- Tangible progressive actions to promote Diversity and Inclusion
- Organizational Health, ENPS and feedback tools to promote an Employee-Centric culture of ‘listen and act’

2020 – 2022 PLANS

TRANSFORMATION INTO A WORLD-CLASS, CUSTOMER FOCUSED ORGANIZATION

- Organizational Development in customer capabilities and digital enablement
- Further leverage horizontal accelerators to promote Innovation
- A compelling Employee Value Proposition for our people
- Increased focus on Customers, People and Sustainability in Reward and Performance Management
- Building an employee-driven culture promoting reskilling against future needs
Results demonstrate that our people strategy is working on multiple levels

**TALENT MANAGEMENT**

**TURNOVER**

<table>
<thead>
<tr>
<th>Year</th>
<th>All</th>
<th>High Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>2018</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>2019</td>
<td>7%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**EXECUTIVE HIRING SPENT (USDm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8.0</td>
</tr>
<tr>
<td>2017</td>
<td>4.6</td>
</tr>
<tr>
<td>2018</td>
<td>3.6</td>
</tr>
</tbody>
</table>

**DIVERSITY AND INCLUSION**

**INITIATIVES**

- FlexWork@Zurich
- Global Parental Leave Principles in roll-out
- Female acceleration program
- D&I Scorecard in Target Cards
- Functional & Local D&I strategies

**EQUAL PAY**

- Zurich UK reduced its GPG from 27.3% in 2017 to 22.8% (mean) in 2018
- All markets have been assessed to check if any discriminatory pay practices using an externally audited tool & process

**ENGAGEMENT & RECOGNITION**

**EMPLOYEE SATISFACTION**

- Turnover in 2018: 8.0%
- Turnover in 2017: 4.6%
- Turnover in 2016: 3.6%

**RECOGNITIONS**

- Brandon Hall Gold Awards for Complete Leader and Leaders of the future

---

1 Amounts recorded in Finance systems for Executive Hiring Vendors.
Climate is at the core of our commitment

1. DEEP INTEGRATION OF CLIMATE RISK
   • Developing capabilities to assess and quantify climate change impact on physical risk within underwriting, risk engineering and investment management

2. AMBITIOUS LEADERSHIP FOR A NET ZERO FUTURE
   • Engage in the development of science-based targets for financial institutions and implement accordingly in our own business as per our Business Ambition for 1.5°C commitment.
   • Net-zero carbon portfolios by 2050 and application of Zurich’s leading impact investing strategy to finance transition to a low-carbon economy

3. INNOVATION FOR RESILIENCE & TRANSITION
   • Leverage opportunities as a source of customer-centric innovation in retail & commercial businesses
   • Scale investments in enhancing community climate resilience

4. STRONG ADVOCACY AND REPORTING
   • Convene and influence leaders on climate risk, low-carbon transition and climate resilience
   • Enable every employee to be an advocate, expert and role model
   • Reporting in accordance with TCFD to ensure transparency and comparability
A CHANGING CLIMATE

We help communities dealing with floods through Zurich’s Flood Resilience Program

PROGRAM’S PURPOSE

- **1$ invested in prevention saves 5$ in future losses**
- 13% of aid is spent on pre-event resilience & risk reduction
- Focus to find practical ways to help communities **strengthen their resilience** to floods
- Deploy Zurich’s Post-Event Review Capability to review large flood events to identify **improvements opportunities and best practices**

PROGRAM’S PHASES

- 2013-2018: **benefit to 110 communities** in 9 countries and 225,000 people
- 2019+: support the generation of USD 1bn in additional funding to flood resilience by 2023 in order help **make 2m people more resilient** to flooding

1 Zurich’s analysis
Protecting data and safeguarding confidential information of our stakeholders is of high importance.

GOVERNANCE
- 3 lines of defence model embeds multi-layered security taking into account people, process, technology and data
- Oversight through the Board’s Quarterly Risk Report
- Strong integration of the business within key security initiatives and themes
- Established security objectives for business leaders

RISK BASED IMPLEMENTATION
- Risk appetite and monitoring through group-wide baselining and targeted risk assessments
- Drive awareness across the organisation on information and cyber security and associated risk types
- Risk prioritised remediation through people, process, technology and data
- External reinsurance cover

REGULATORY REQUIREMENTS
- Make existing data and use of data more transparent and require more customers consent
- Continuous analysis of changing regulatory landscape
- Implemented European General Data Protection Regulation in 2018, the most significant change in data privacy regulation in 20 years

CAPABILITIES
- Bundling multiple disciplines into single global team enabling agile and information centric approach
- External Threat monitoring and contextualization
- Global cyber response team available 24/7
- Digital investigation and forensics
- Active vulnerability search and exploitation capabilities and remediation thereof
Zurich strives to inspire confidence in a digital society through its Data Commitment

**DATA COMMITMENT – WHAT IT MEANS**

**Keep customers data safe**

- Appropriate processes, technology and training for data security
- Control data flows
- Rigorous security management

**Be transparent about collection, use & sharing personal data**

- Providing customers appropriate engagement mechanisms to exercise their rights
- Agreements with 3rd parties sharing customers data
- Never sell their personal data

**Use data for the benefit of the customer in a fair & ethical way**

- Using personal data to enhance products & services for the customer
- Commitment to fair and ethical use of data in designing, pricing and use of artificial intelligence
- Avoid bias or labelling
Our current capital authorizations protects shareholders’ rights while providing the company with flexibility

## CURRENT CAPITAL AUTHORIZATIONS IN ARTICLES OF ASSOCIATION

<table>
<thead>
<tr>
<th>TYPE OF CAPITAL</th>
<th>CURRENT STRUCTURE</th>
</tr>
</thead>
</table>
| Authorized Share capital | • 45m shares (~30%)  
  • Of which under exclusion of pre-emptive rights: 15 m shares (~10%)  
  • Exclusion of pre-emptive rights in case of M&A and foreign listing, capital market placements, conversion of financial instruments, strengthening of group capital position  
  • Valid until April 4, 2020 |
| Contingent share capital | • 30m shares (~20%)  
  • Exclusion of pre-emptive rights in case of M&A, capital market placements, strengthening of group capital position |
| Separate exclusion of pre-emptive rights | • 30m shares (~20%) cumulative dilution cap until April 4, 2020 for issuances from authorized and contingent capital |
| Share issuances to employees under share based employee compensation plans | • 4.9m shares |

1 Out of 150m outstanding shares as reported in Articles of Association, June 2019.
For further information

CALL US

Investor Relations and Rating Agencies
Richard Burden  +41 44 628 96 40
Francesco Bonsante  +41 44 628 00 68
Samuel Han  +41 44 625 32 57
Michèle Matlock  +41 44 625 28 50
Giani Vitale  +41 44 625 48 26

For Corporate Governance and Sustainability
Michèle Matlock  +41 44 625 28 50
Karin Winter  +41 44 625 28 60

Events
Patricia Heina  +41 44 625 38 44

VISIT OR FOLLOW US

› Investor Relations website
› Financial results and reports

Follow us  

November 2019
CALENDAR:

- February 13, 2020, Annual results 2019
- April 1, 2020, Annual General Meeting
- May 14, 2020, Update for the three months ended March 31, 2020
- May 19, 2020, Zurich Insights – Investor Event
- August 13, 2020, Half year results 2020