

Our people 2014



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We aim to create sustainable value for all our stakeholders, in line with our values as set out in Zurich Basics, our code of conduct, and the Zurich Commitment, our statement of purpose. We create value for our employees by investing in their capabilities and expertise so that each may fulfill his or her potential.

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About Zurich

Zurich is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, we provide a wide range of general insurance and life insurance products and services. We serve individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries.

To read more about how our people activities fit into our Group Strategy, please refer to our 2014 Annual Report



2014 Annual Report

Our cover

Our people play a key role in helping us to be the best global insurer.

Further information

Please visit www.zurich.com

Our people 2014

Success is about people

People play a crucial role in delivering Zurich's strategy and ambition to be the best global insurer as measured by our customers, employees and shareholders. Effective people management will help ensure we have the skills and talent we need to achieve our business objectives and position us as an employer of choice within the insurance industry.

Underscoring the important role our people play in achieving our strategic goals, in 2014 we added the role of Chief Human Resources Officer to the Group Executive Committee and appointed Isabelle Welton to this position.

Cultural renewal

To succeed in today's fast-changing and increasingly competitive global insurance market, we need our people to be at their best. We are building a culture where they can better deliver results, inspire trust and confidence, show compassion and care, and make a difference to those around them, including making a positive contribution to the communities in which we live and work.

In 2014, we re-shaped six people practices which will help us to drive this cultural shift: recruiting, talent management, development, performance management, engagement and diversity & inclusion. These people practices represent the frame of reference for our people activities in the years to come.

Our people – operational KPIs

	2014	2013	Change
Total number of employees – headcount	55,969	56,565	(1%)
Employees – full time equivalents (FTE)	54,551	55,102	(1%)
Employee turnover rate (%)	12.4%	12.3%	0.1 pts
Average tenure (years)	9.3	9.4	(1%)

Building talent KPIs

	2014	2013	Change
Female workforce participation (%)	52.1%	52.6%	(0.5 pts)
Female participation in Leadership Team (%)	15.0%	16.0%	(1.0 pts)

A global approach

Our global human resources practices create consistency and a sense of unity for employees. We offer international career opportunities in risk engineering, underwriting, claims, marketing, human resources, finance, investment management, IT and many other areas.

International rotations enable us to deploy the relevant skills where they are most needed, while giving employees the opportunity to work in different countries and cultures. Our aim is to create an inclusive culture and provide lifelong learning and development opportunities for all employees.

Right talent

Talented people with the right skills and behaviors are essential to help us deliver on our strategy. We aim to attract and retain talent by providing an environment in which employees can perform to their full potential, and where they find attractive personal development and career opportunities, in line with business needs.

In 2014, we improved our approach to identifying and managing talented people by simplifying our global talent management processes and implementing a talent management system. We also strengthened our leadership team succession plan.

We value inclusive leadership and we want our people to have a diversity of perspectives to mirror the diversity of our customers. In support of our Group-wide diversity and inclusion strategy, in 2014 we developed our Talent Pulse online survey, rolled out a global e-learning module to all employees and prepared our Unconscious Bias training program that we plan to implement in 2015.

Great leaders

We expect our leaders to be equally great technical experts and people managers. In 2014, we developed Success Factors for Leadership – a simplified leadership framework. It ensures that leaders are clear about what will make them successful and provides support to them as they work with these success factors every day.

We also conducted a leadership assessment program and are investing in global leadership development programs to accelerate the training of future leaders. We are tracking the success of these programs through scorecards to enable us to make further improvements.

Our people 2014 *continued*

High engagement

Highly engaged employees are the drivers of business success. In 2014, we made use of the findings of the previous year's global engagement surveys and developed a managers' handbook to help improve engagement. Our 2014 Voice of the Employee online survey provided us with further valuable information on our progress.

In 2015, we will take action to empower people managers around the world, helping them to be more effective and increase the flow of feedback from employees to managers.

Solid foundation

Effective and efficient HR processes are critical to help Zurich people to be at their best. In 2014, we developed an integrated HR approach to align our job, pay, career and talent frameworks. This will result in a common and consistent approach to streamlining our people processes and improving every point in our employees' career journey, including recruitment, compensation, learning and development, career development and performance management.

In 2014 we further consolidated our workforce analytics capabilities and will now put a special focus on making use of predictive analytics.

Our HR Service centers in Switzerland, the UK and the U.S. provide efficient and effective support to our people. In 2014, we used what we have learned, particularly from Switzerland, to set up a new HR Service Center in Germany.

We will continue to improve our HR operations, and to use centrally-managed HR technology and 'master data' to underpin our people practices. More than 95 percent of our global employee population now has access to HR systems which enable them to undertake a number of self-service activities.

Looking forward

Our people play a key role in helping us to be the best global insurer. In return, we must provide a working environment where they can be at their best so that we can deliver on our strategy and attract and retain the talented people we need.

The Zurich Commitment to stakeholders and Zurich Basics, our code of conduct, are part of the training of every member of staff. They encapsulate our core values. We are now building on these values to evolve our culture toward one where our people can deliver even better results, inspire trust and confidence, show compassion and care and make a difference to those around them.

We have defined a number of programs along our people practices to support this cultural shift, including empowerment of people managers, a more inclusive workplace, a diverse leadership pipeline and strengthening our employer brand.

Developing our people KPIs

	2014	2013	Change
Employees with active Individual Development Plan (%)	74.5%	75.5%	(1.0 pts)
Active learners (%) ¹	98.8%	96.9%	1.9 pts

¹ Employees who have taken at least one course during the year reported.

Building a high-performance working environment KPIs

	2014	2013	Change
High performer retention rate (%) ¹	94.7%	94.8%	(0.1 pts)
Low performer turnover rate (%) ²	38.7%	43.5%	(4.8 pts)

¹ 'High performer' group is defined as employees with performance ratings 4 and 5 (out of 5) during 2 consecutive years.

² 'Low performer' group is defined as employees with performance ratings 1 and 2 (out of 5) during 1 year.

Independent assurance report

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

We have been engaged to perform assurance procedures to provide limited assurance on selected consolidated 2014 Human Resource (HR) data of ZIG and its consolidated subsidiaries.

Scope and subject matter

Our limited assurance engagement focused on the following data and information disclosed in the People report of ZIG for the financial year ended December 31, 2014:

- a) The 2014 people key performance indicators ("Our people – operational KPIs" and "Building talent KPIs" on page 2 as well as "Developing our people KPIs" and "Building a high-performance working environment KPIs" on page 3); and
- b) The management and reporting processes to collect and aggregate the selected HR data as well as the control environment in relation to the data aggregation.

Criteria

The reporting criteria used by ZIG are described in the internal reporting guidelines and define those procedures, by which the HR data are internally gathered, collated and aggregated.

The accuracy and completeness of HR data re 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 the reporting of its HR data.

Responsibility of the management

The ZIG Executive Committee is responsible for both the preparation and the presentation of the selected subject matter in accordance with the reporting criteria. Our responsibility is to form an independent opinion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the subject matter is not stated, in all material respects, in accordance with the reporting criteria.

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. During 2014, we have not performed any tasks or services for ZIG that would conflict with our independence, nor have we been responsible for the preparation of any part of the report.

In accordance with International Standard on Quality Control 1, PricewaterhouseCoopers AG 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.

Our responsibility

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

For the subject matter for which we provide limited assurance, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Summary of the work performed

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

- **Evaluation of the HR data reporting**
Reviewing the application of the ZIG internal HR data reporting guidelines using a sample of affiliates in Switzerland, UK, USA, Germany and Brazil.

- **Interviews and management inquiry at affiliates**

Interviewing selected key contacts responsible for internal HR data reporting and data collection at the ZIG Group level to determine the understanding and application of ZIG internal HR data reporting guidelines.

- **Assessment of the key figures**

Performing tests on a sample basis of evidence supporting the people key performance indicators as described in the scope and subject matter section concerning completeness, accuracy, adequacy and consistency.

- **Review of the documentation**

Reviewing the relevant documentation on a sample basis, including ZIG Group HR data policies, management of reporting structures and documentation.

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

Reviewing the appropriateness of the management and reporting processes for HR data; and assessing the consolidation process of data at ZIG Group level.

Conclusions

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

- a) The 2014 people key performance indicators of ZIG as described in the scope and subject matter section is not prepared and disclosed in all material respects in accordance with ZIG's internal reporting guidelines.
- b) The management and reporting processes to collect and aggregate the selected HR data as well as the control environment in relation to the data aggregation are not functioning as designed.

Zurich, June 2, 2015

PricewaterhouseCoopers AG

Peter Eberli

Raphael Rutishauser

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