

Our people 2015



Our people 2015

People play a crucial role in delivering Zurich's strategy and ambition to be the best insurer for our customers, the best place to work for our employees and the best investment for our 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.

Contents

Our culture	2
Diversity and inclusion	2
The right talent	2
Leading by example	2
Solid foundation	3
High engagement	3
Our Commitment	3
Looking ahead	3
Independent assurance report	4

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 about how our people activities fit into our Group Strategy, please refer to our 2015 Annual Report.



2015 Annual Report

Our cover

Our people who serve our customers in over 170 countries play a key role in helping us to be the best global insurer.

Further information

Please visit www.zurich.com

Our people 2015 *continued*

Our people play a key role in achieving our goals. In return, we must provide a working environment where they can perform at their best.

Our culture

We are building a culture that allows people to live up to our values and our brand. We share a common purpose: ensuring people understand that what they do and how they do it matters, and that accomplishments are recognized.

In 2015, we defined our cultural attributes, conducted workshops with executive teams around the world, and established a network that will help us to drive a cultural shift across our company.

Diversity and inclusion

We are making progress in creating a diverse environment that brings out the best in our people and attracts the brightest talent.

In 2015, we launched a range of global programs designed to improve our culture, create more opportunities for career growth, advance people-manager skills and provide flexible ways of working.

In November 2015, we became the first global company in the insurance industry to be certified by 'EDGE' (Economic Dividends for Gender Equality) in six key markets: Germany, Hong Kong, Italy, Spain, Switzerland and the UK. EDGE provides assessment methodology and a business certification standard for gender equality. The certification demonstrates Zurich's aim to be the employer of choice in the insurance industry. Our inclusive culture and development opportunities support learning through all phases of a career.

The right talent

Talented people with the right skills and behaviors are necessary for us to achieve our strategy goals. 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 2015, we sharpened our talent brand and launched our new talent proposition, making greater use of social media channels such as Facebook and LinkedIn.

We are also in the process of introducing a comprehensive job catalogue, the 'Global Job Model,' which will cover every job in Zurich, making it easier to objectively compare and evaluate roles throughout our business. It will help us to make sure we have qualified people in the right jobs. It will also provide greater clarity on what skills and knowledge employees need, and could develop, to further their careers.

Leading by example

Leaders and managers are critical in defining the direction, purpose, priorities, goals, and roles of the workforce. We have been focusing on equipping and empowering our people managers to lead people to be at their best and achieve our ambition.

In 2015, we analyzed our leadership programs globally and identified a variety of local programs with potential for streamlining and efficiency gains, which will allow us to develop a blueprint for a global curriculum in 2016. We also worked with Harvard Business School to design and deliver high-quality leadership training. And, through a global program, we are improving managers' ability to coach and nurture highly engaged teams that can help our customers to better protect themselves against risk.

Our people – operational KPIs

	2015	2014	Change
Total number of employees – headcount	55,732	55,969	(0.4%)
Employees – full time equivalents (FTE)	54,335	54,551	(0.4%)
Employee turnover rate (%)	12.9%	12.4%	0.5 pts
Average tenure (years)	9.6	9.3	3.2%

Building talent KPIs

	2015	2014	Change
Female workforce participation (%)	51.9%	52.1%	(0.2 pts)
Female participation in Leadership Team (%)	13.7%	15.0%	(1.3%)

Our people 2015 *continued*

Solid foundation

Effective and efficient HR processes play a key role in helping Zurich's people to be at their best.

In 2015, we completed our global job model that describes and evaluates all the jobs within our Group in a standardized and simplified way. It promotes a common and universal language for employees, our businesses and HR to use. Going forward, it will provide the cornerstone for all of our people activities. It will also offer a wealth of information that will enhance our ability to analyze and drive organizational effectiveness.

High engagement

Highly engaged employees drive business success. To change our culture and foster an environment of accountability and empowerment, Zurich promotes open and honest two-way communication and dialogue, and listens to employees to gain insights necessary to address recurring or shared topics and issues.

As part of this process, we conduct annual surveys to help us adopt a more integrated approach, giving us better insights on our strategy deployment and People Vision implementation.

Our Commitment

As part of the Zurich Commitment we not only care about our customers, we also care about the communities in which we live and work. Our employees are encouraged to engage in community activities, including through our annual Global Community Week.

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

Looking ahead

We have defined a number of programs to support our priorities. We are focusing on ways to facilitate change. We will further improve our talent brand and recruiting methods, increase our focus on diversity and inclusion, and enhance our leadership pipeline. We are also continuing to develop our HR function, while improving processes and working to increase the efficiency and effectiveness of our services.

Developing our people KPIs

	2015	2014	Change
Employees with active Individual Development Plan (%) ¹	66.2%	74.5%	(8.3 pts)
Active learners (%) ²	93.8%	98.8%	(5.0 pts)

¹ Employees under scope have an active performance management status.

² Employees who have taken at least one course during the year reported. Farmers Management is not included in the KPI scope.

Building a high-performance working environment KPIs

	2015	2014	Change
Global engagement survey participation rate (%) ¹	71.0%	–	(3.0 pts)
Employee engagement score (%) ¹	68.0%	–	3.0 pts
High performer retention rate (%) ²	94.0%	94.7%	(0.7 pts)
Low performer turnover rate (%) ³	38.2%	38.7%	(0.5 pts)

¹ The global engagement survey 'Voice of Employee (VoE)' is carried out every other year. The global engagement survey participation rate and employee engagement score were 74.0 percent and 65.0 percent, respectively, in 2013.

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

³ '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 2015 Human Resource (HR) data of ZIG and its consolidated subsidiaries.

Scope and subject matter

Our limited assurance engagement focused on selected HR data as disclosed in the People report of ZIG for the financial year ended December 31, 2015:

- a) The 2015 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 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 the reporting of its HR data.

Responsibility and Methodology

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.

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'. This standard requires that we comply with ethical requirements, plan and perform the assurance engagement to obtain limited assurance on the selected HR data.

A limited assurance engagement under ISAE 3000 (revised) is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our Independence and Quality Control

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

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

Summary of the work performed

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

- **Evaluation of the 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**
Interviewing key contacts responsible for internal HR data reporting and data collection at 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.

We have not carried out any work in respect of projections and targets nor such outside of the agreed scope and therefore restrict our conclusion to the 2015 HR data reporting of ZIG as defined in the scope and subject matter section. 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 2015 people key performance indicators of ZIG 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 selected HR data as well as the control environment in relation to the data aggregation are not functioning as designed.

Zürich, March 2, 2016

PricewaterhouseCoopers AG

Peter Eberli

Raphael Rutishauser

Disclaimer and cautionary statement

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

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.

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