



Living up  
to our  
responsibility  
to society

Our tax strategy





The world is undergoing widespread and rapid change, driven by technological innovation, geopolitical shifts and climate change. There are particular risks to sustainable development. A collective effort is needed to mitigate or adapt to the risks.



At Zurich Insurance Group (Zurich or the Group), being a responsible and sustainable company is part of how we do business.

Sustainability means doing business in a way that safeguards the future of our company and society. It is also a key consideration in the solutions we provide to our customers and influences the way in which we invest our assets. It is at the forefront of our approach to environmental, social and governance issues. All of this is linked to the fundamental role that insurance plays in society.

As a global insurer, Zurich plays an important role as a long-term investor, a provider of insurance coverage and risk management services that include resilience to natural hazards such as flooding and others. The company acts as a responsible corporate citizen, which influences the Group's day-to-day decisions and long-term strategic planning. As part of this, Zurich has an obligation to be a responsible taxpayer and, as such, a supporter of economic and societal development in the communities where it operates.





**Zurich considers effective and efficient tax compliance to be a key objective and allocates significant resources to ensure that the tax affairs of the Group are sustainable, well governed and transparent.**

Our approach to tax is guided by our purpose as a company: to protect customers, employees and society, to inspire confidence, and to help our stakeholders reach their full potential. It is also guided by our values, including a commitment to deliver on our promises and stand up for what is right.

Our purpose and values are embedded in a responsible tax strategy, which is supervised by the Board of Directors and executed by members of the Group Executive Committee. With the tax strategy we ensure that our entire organization is committed to compliance with the spirit as well as the letter of the tax laws and regulations in the countries in which we operate.

We are a significant contributor of taxes, both those borne by our own shareholders as well as those collected on behalf of tax administrations.

The Group's Code of Conduct is embedded into our responsible tax strategy and requires compliance with laws, rules and regulations of all countries where the Group operates.

This document outlines our tax strategy, and provides an overview of the total tax contribution that supports our commitment to being a responsible corporate citizen and supporting sustainable global growth.

### **Zurich adheres to the OECD Guidelines for Multinational Enterprises, which state that:**

“ Tax compliance includes such measures as providing to the relevant authorities timely information that is relevant or required by law for purposes of the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm's length principle. ”



# Zurich's tax strategy

A responsible strategy guided by our purpose and values

The Group's strategic tax priorities are embedded in a well-defined governance framework.

## Tax governance framework

The Group's business activities are subject to strict regulation and rigorous control in the jurisdictions in which the Group operates.

To ensure full tax compliance and minimize tax risk, the Group has in place an internal tax risk policy, tax guidelines, and robust tax-related processes and controls.

The tax strategy and regulatory updates are presented to the Board of Director's Audit Committee at a minimum of once a year, with updates to Zurich's Executive Committee provided as appropriate.

Group Tax is a global function and is supported by a number of tax specialists as well as regional and local tax Directors. The regional and local tax Directors are members of the Regional Finance Executive Teams and/or the Local Finance Executive Teams.

Day-to-day responsibilities for the implementation of the Group's tax strategy and supporting tax policies rest with the Group Tax function, and operational teams with tax responsibilities within the business. External advice may be sought on areas of particular complexity or uncertainty.

## Group tax strategic priorities

The Group Tax Strategy consists of the following five tax strategic priorities

- 1 Compliance with tax filing and reporting requirements
- 2 Ongoing enhancement of tax processes and improvement of operating efficiencies
- 3 Manage tax costs and control associated risks
- 4 Proper accounting for taxes
- 5 Maintain an accountable and agile global tax team



# Tax risk management

The Group operates under the principle that tax costs, like other large costs incurred by the Group, must be managed with the main objective of ensuring the long term sustainability of the company.

All of the Group's tax planning reflects strategic and business priorities. It is undertaken in the context of full tax compliance and through the use of long-term sustainable commercial structures or transactions that have a commercial rationale.

The Group does not engage in aggressive tax planning or artificial structuring that has no business purpose or economic substance.

The Group is a significant tax contributor. We directly and indirectly pay to, or collect taxes on behalf of, the tax administrations in the jurisdictions in which we operate.



## **Tax contributions include but are not limited to:**

Corporate Income Taxes

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Employment Taxes Insurance

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Premium Taxes Value Added

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Taxes

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Stamp Taxes and Other  
Transactional Taxes

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Real Estate and Other Asset Taxes

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Excise Taxes

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Withholding Taxes



# Zurich's tax strategy

A responsible strategy guided by our purpose and values

The Group may encounter a number of risks or uncertainties in taking a tax position. For example, a tax authority may apply or interpret tax laws and regulations differently than we anticipated, which may result in additional tax cost.

We classify possible tax risks into the following categories:

## Technical Taxation Risk



The risk that our tax position for specific facts and circumstances is not accepted in whole or part by a tax authority due to uncertainties under relevant tax laws or regulations

## Computational Taxation Risk



The risk that data used in a computation or the computation itself used in a tax filing by a Group entity is incorrect or is not accepted in whole or part by a tax authority

## Utilization Taxation Risk



The risk that a potential tax benefit will expire before it can be utilized

## Payment Agent Taxation Risk



The risk that a Group entity incorrectly under-collected or underpaid withholding or other tax collected with respect to a customer or an employee's compensation

## Reputation Risk



A consequential effect negatively impacting the reputation of the Group with respect to:

- Tax administration or other tax administrations
- Insurance regulators
- Customer(s) or potential customers or
- Investors

The Group closely monitors and manages the above tax risks and aspires to have a below median level of tax-related risk relative to our industry peers.

Zurich's tax strategy is based on its size and geographical reach. In view of the scale of the Group and the number of legal entities in the Group, however, intra-Group transactions are considered to be the most relevant source of taxation risk in relation to tax positions taken by the Group.

The Group actively manages tax obligations with the aim of minimizing unexpected adverse financial or reputational impact to the Group.

**This is reinforced by:**

- Employment of appropriately qualified and experienced people in key tax-related roles, with specific tax responsibilities and accountabilities included in their job descriptions.
- An organizational structure that supports and encourages the reporting and escalation of tax issues.
- A culture based on values and behaviors that encourage long-term ethical thinking.
- Having appropriate systems and processes in place enabling us to validate our understanding of relevant tax legislation, thereby strengthening our compliance with the tax laws and regulations of the jurisdictions in which we operate.
- Maintenance of a strong and transparent working relationship with the relevant tax administrations. Where possible, we will discuss new and complex tax positions or proposed changes in tax legislation with tax authorities in real time. In addition, we may request generally available statutory or non-statutory clearances from relevant tax administrations in respect of specific transactions where there is material uncertainty and/or where the transaction is material to the Group entity involved.



During a tax audit, involved Group employees are expected to be transparent and prompt in replying to inquiries of a tax administration. In case of disputes with tax administrations, the Group aims to reach an agreement whenever possible and intends to treat litigation as a last resort. The Group is transparent about its approach to tax affairs. Disclosures are made in accordance with the relevant global and local tax reporting requirements as well as other requirements or standards, such as U.K. tax legislation and IFRS.

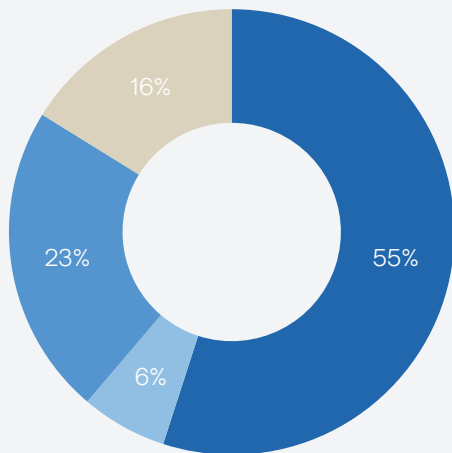
# Total tax contribution

Total tax contribution reflects Zurich's economic contribution to the economy in taxes – the direct and indirect taxes paid by Zurich ('tax borne by the shareholders') and those taxes that Zurich is legally obliged to collect on behalf of the tax administrations ('tax collected');

## Taxes borne by shareholders

Total 2022: **USD 2.5bn**

(all numbers based on IFRS excluding deferred income tax)

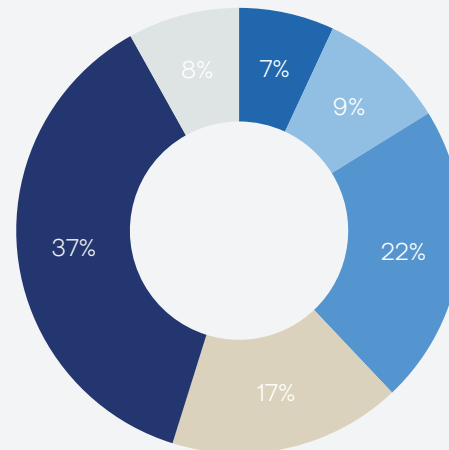


- Shareholder income tax
- Stamp duty and other taxes
- Employer social security
- Irrecoverable VAT

## Taxes collected

Total 2022: **USD 6.7bn**

(all numbers based on IFRS excluding deferred income tax)



- Employer social security
- PH Income and other taxes
- Other taxes (incl. WHT)
- Payroll tax
- Premium tax
- VAT declared

As part of Zurich's tax strategy, we strive to manage tax costs and control associated risks for the benefit of our customers, employees, shareholders and for society as a whole.

### The Group employs rigorous tax accounting and reporting oversight.

The location of Group subsidiaries and affiliated companies is driven by business reasons and not the avoidance of tax. The Group consolidated result includes only a very limited number of companies located in low or nil tax rate jurisdictions and in all cases they carry out operative insurance, reinsurance and asset management activities.

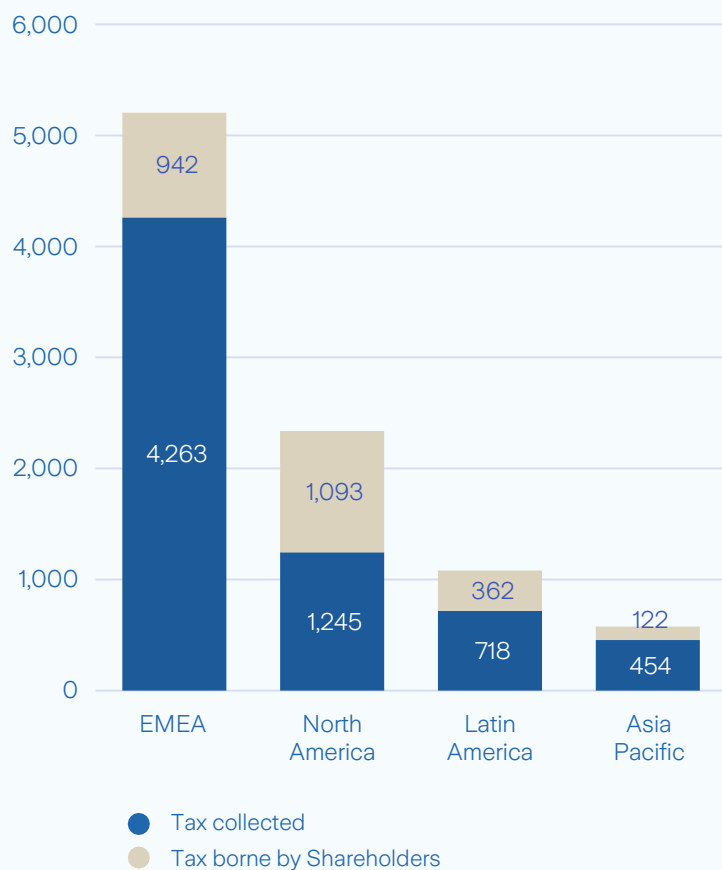
We are committed not to use so-called 'tax havens' or secrecy jurisdictions for tax planning purposes and therefore do not transfer value created to low tax rate jurisdictions.





The following graphic provides a regional overview of Zurich's total tax contribution for the financial year 2022:

### 2022 Total Tax Contributions by region in USD millions



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:

### Top 20 countries with the highest total tax contribution<sup>1</sup> in 2022

Region / Country (in USDm)	Total tax contribution	Tax collected	Tax borne by Shareholders	FTEs per 31.12.2022
United States	2,240	1,179	1,061	18,994
Switzerland	1,730	1,426	304	5,011
Germany	900	736	164	4,747
UK	865	742	124	4,725
Italy	466	387	79	1,332
Brazil	423	278	145	1,963
Australia	393	362	31	3,280
Spain	356	252	105	2,883
Mexico	304	199	105	1,500
Ireland	301	267	34	1,553
Austria	297	277	20	1,241
Argentina	229	166	63	920
Canada	98	66	31	706
Portugal	90	64	26	528
Japan	80	25	54	1,593
Chile	61	29	31	2,280
France	54	48	6	196
Malaysia	46	31	14	1,398
Netherlands	36	34	2	143
Ecuador	28	24	4	272
Other / Rest of the World	201	88	114	4,232
<b>Group Total</b>	<b>9,198</b>	<b>6,680</b>	<b>2,518</b>	<b>59,498</b>

<sup>1</sup>These countries contribute to more than 95% of Zurich's revenue for the 2022 financial year.

Significant subsidiaries are defined as those subsidiaries which either individually or in aggregate, contribute significantly to gross written premiums, shareholder's equity, total assets or net income attributable to shareholders.

Significant subsidiaries – non-listed

Primary activity as of December 31, 2022	Registered office	Voting rights %	Ownership interest %	Nominal value of share capital (in local currency millions)
<b>Australia</b>				
Cover-More Group Limited	Sydney	100	100	AUD 568.8
Zurich Australia Limited	Sydney	100	100	AUD 543.5
Zurich Australian Insurance Limited	Sydney	100	100	AUD 6.6
Zurich Financial Services Australia Limited	Sydney	100	100	AUD 2,983.0
<b>Austria</b>				
Zürich Versicherungs-Aktiengesellschaft	Vienna	99.98	99.98	EUR 9.8
<b>Brazil</b>				
Zurich Santander Brasil Seguros e Previdência S.A.1	Sao Paulo	51	51	BRL 2,509.2
Zurich Minas Brasil Seguros S.A.	Belo Horizonte	100	100	BRL 2,272.1
Zurich Resseguradora Brasil S.A.	Sao Paulo	100	100	BRL 124.0
<b>Chile</b>				
Chilena Consolidada Seguros de Vida S.A.	Santiago	99.10	99.10	CLP 191,188.3
Zurich Santander Seguros de Vida Chile S.A.1	Santiago	51	51	CLP 21,707.5
<b>Germany</b>				
Deutscher Herold Aktiengesellschaft	Köln	100	100	EUR 18.4
Zürich Beteiligungs-Aktiengesellschaft (Deutschland)	Frankfurt	100	100	EUR 152.9
Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	Köln	100	100	EUR 48.0
Zurich Immobilien (Deutschland) AG & Co. KG	Köln	100	100	EUR 0.001
<b>Indonesia</b>				
PT Zurich Asuransi Indonesia Tbk	Jakarta Selatan	80	80	IDR 3,101,846.0
<b>Ireland</b>				
Zurich Life Assurance plc	Dublin	100	100	EUR 17.5
Zurich Holding Ireland Limited	Dublin	100	100	EUR 0.1
Zurich Insurance plc	Dublin	100	100	EUR 8.2
<b>Italy</b>				
Zurich Investments Life S.p.A.	Milan	100	100	EUR 207.9
Zurich Italy Bank S.p.A.	Milan	100	100	EUR 49.0
<b>Japan</b>				
Zurich Life Insurance Japan Company Ltd	Nakano-ku	100	100	JPN 7,316.3
<b>Luxembourg</b>				
REX-ZDHL S.C.S. SICAV-SIF	Leudelange	100	100	EUR 2,229.8
<b>Malaysia</b>				
Zurich Life Insurance Malaysia Berhad	Kuala Lumpur	100	100	MYR 579.0
Zurich Holdings Malaysia Berhad	Kuala Lumpur	100	100	MYR 768.4
<b>Mexico</b>				
Zurich Santander Seguros México, S.A. <sup>1</sup>	Mexico City	51	51	MXN 383.0
<b>Spain</b>				
Bansabadell Pensiones, E.G.F.P., S.A.	Madrid	50	50	EUR 7.8
Bansabadell Seguros Generales, S.A. de Seguros y Reaseguros	Madrid	50	50	EUR 10.0
Bansabadell Vida S.A. de Seguros y Reaseguros	Madrid	50	50	EUR 43.9
Zurich Latin America Holding S.L. - Sociedad Unipersonal	Barcelona	100	100	EUR 43.0
Zurich Santander Holding (Spain), S.L. <sup>1</sup>	Boadilla del Monte	51	51	EUR 942.8
Zurich Santander Holding Dos (Spain), S.L. <sup>1</sup>	Madrid	51	51	EUR 441.0
Zurich Santander Insurance America, S.L.	Madrid	51	51	EUR 177.0
Zurich Vida, Compañía de Seguros y Reaseguros, S.A. – Sociedad Unipersonal	Madrid	100	100	EUR 56.4

Significant subsidiaries – non-listed

Primary activity as of December 31, 2022	Registered office	Voting rights %	Ownership interest %	Nominal value of share capital (in local currency millions)
<b>Switzerland</b>				
Zurich Finance Company AG	Zurich	100	100	CHF 0.2
Zurich Insurance Company Ltd	Zurich	100	100	CHF 825.0
Zurich Life Insurance Company Ltd	Zurich	100	100	CHF 60.0
Zürich Rückversicherungs-Gesellschaft AG	Zurich	100	100	CHF 11.7
<b>United Kingdom</b>				
Allied Zurich Holdings Limited	St. Hélier, Jersey	100	100	GBP 597.7
Zurich Assurance Ltd	Swindon, England	100	100	GBP 356.2
Zurich Employment Services Limited	Swindon, England	100	100	GBP 378.9
Zurich Financial Services (UKISA) Limited	Swindon, England	100	100	GBP 1,460.9
Zurich Holdings (UK) Limited	Fareham, England	100	100	GBP 318.3
Zurich International Life Limited	Douglas, Isle of Man	100	100	GBP 123.4
Zurich UK General Services Limited	Fareham, England	100	100	GBP 470.9
<b>United States of America</b>				
Farmers Group, Inc. <sup>2</sup>	Carson City, NV	100	100	USD 0.001
Farmers Reinsurance Company <sup>2</sup>	Woodland Hills, CA	100	100	USD 5.0
Farmers New World Life Insurance Company <sup>2</sup>	Bellevue, WA	100	100	USD -
Zurich American Insurance Company	New York, NY	100	100	USD 5.0
Zurich American Life Insurance Company	Schaumburg, IL	100	100	USD 2.5
Zurich Holding Company of America, Inc. <sup>3</sup>	Wilmington, DE	100	100	USD 0.00
ZCM Matched Funding Corp.	George Town, Cayman Islands	100	100	USD 0.00001
Centre Group Holdings (U.S.) Limited	Wilmington, DE	100	100	USD 0.00000
ZCM (U.S.) Limited	Wilmington, DE	100	100	USD 0.00100
Zurich Capital Markets Inc.	Wilmington, DE	100	100	USD 0.00001
Zurich Structured Finance, Inc.	Wilmington, DE	100	100	USD 0.012

1. Zurich Insurance Group Ltd (ZIG) indirectly owns 51 percent.

2. The ownership percentages in Farmers Group, Inc. and its fully owned subsidiaries have been calculated based on the participation rights of Zurich Insurance Group in a situation of liquidation, dissolution or winding up of Farmers Group, Inc.

3. Shares have no nominal value in accordance with the company's articles of incorporation and local legislation.

- Holding or Managing Intellectual Property
- Administrative, Management or Support Services
- Regulated Financial Services
- Insurance
- Holding shares or other equity instruments
- Other





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Zurich's tax strategy and total tax contribution

