



United Nations Global Compact: living up to our commitment

Statement of continuing support

Our commitment



Martin Senn,
Chief Executive Officer,
Zurich Insurance Group

Zurich became a signatory of the United Nations Global Compact in July 2011 because we believe that being a responsible company is fundamental to our long-term sustainability.

As a signatory, we are committed to aligning our strategy, culture and day-to-day operations with the Global Compact's 10 universally-accepted principles in the areas of human rights, labor, environment and anti-corruption. The principles of the Global Compact complement Zurich Basics, our basic values and code of conduct, and all Zurich employees are expected to live up to both.

Our continued commitment to the United Nations Global Compact's principles on human and labor rights, the environment and anti-corruption is expressed in this report. We are committed to embracing, supporting and enacting these principles within our sphere of influence, and we will regularly communicate on our progress.

Our progress 2013 – 2014

Our flood resilience program

During 2013, we made significant progress in our flood resilience program, a five-year commitment that includes an initial investment of USD 35.6 million. The flood resilience program employs a new approach to cross-sector collaboration. The International Federation of Red Cross and Red Crescent Societies (IFRC) and the international non-governmental organization Practical Action are part of an alliance that links research, community-based programs and risk expertise. Work has begun in Mexico and Indonesia, which will serve as a model for future efforts.

The collaboration also includes two research institutes – the International Institute for Applied Systems Analysis (IIASA) and the Wharton Risk Management and Decision Processes Center. The research carried out with these institutions will generate new ideas to enable more effective decision-making, while examining the role of government and insurance related to floods. All members of the collaboration share a common vision of enhancing communities' well-being by making them more resilient to floods. We seek to demonstrate the benefits of pre-event risk reduction over post-event disaster relief, and to improve public dialogue around flood resilience.

We have developed an employee secondment plan to help our people deploy their skills where they can make a difference.

Responsible investment

Zurich has been a signatory of the Principles for Responsible Investment (PRI) since 2012 and we are committed to making continuous progress in implementing our strategy for responsible investment. Our first report for the 2013 – 2014 reporting cycle was published on our website in May 2014.

In November 2013, we announced plans to invest up to USD 1 billion in green bonds issued by borrowers such as the World Bank, International Finance Corporation and other development finance institutions. In July 2014, we committed to double this investment in green bonds to up to USD 2 billion. The proceeds of green bonds are used for projects that mitigate climate change, help communities adapt to the consequences of climate change or generate other measurable environmental benefits.

Over the course of 2013, Zurich expanded its activities through collaborative initiatives. For example, we launched and funded a project with PSI, a global non-governmental organization (NGO) dedicated to improving the health of people in the developing world, to determine what role return-seeking capital could play in helping NGOs and what opportunities this could present for impact investors.

Zurich also became one of the founding members of the Investment Leaders Group (ILG), which has brought together 11 leading asset owners and asset managers in a three-year project led by the University of Cambridge Institute for Sustainability Leadership to help shift the investment chain toward responsible, long-term value creation.

Our progress 2013 – 2014 *continued*

Corporate responsibility in business transactions

In 2013, Zurich developed and implemented a three-step approach that systematically detects, assesses and mitigates major environmental, social and ethical risks that are inherent in specific business transactions. Using our proprietary risk-profiling methodology, we have prioritized four key areas of concern: banned cluster munitions and anti-personnel land mines; and governance, human rights and environmental risks in dam construction, mining, and oil and gas activities. We have drawn up a corporate responsibility issue brief for each area of concern that sets out our position and best practices. We also provide guidance and training for underwriters and other relevant stakeholder groups, and have implemented corporate responsibility risk assessment and referral processes. In 2013, we also started to engage with brokers and corporate customers to promote best practices in corporate responsibility.

UN Guiding Principles on Business and Human rights

In 2014, Zurich initiated a process to better understand what the UN Guiding Principles on Business and Human Rights (Guiding Principles) mean for the Group. We believe that our corporate responsibility strategy, combined with our people management and consumer protection policies and practices, put us on the right path to live up to the Guiding Principles. At the same time, more work is needed to better understand the practical implications of the Guiding Principles as they pertain to the insurance industry. To help build this understanding, Zurich took over the chair of the Sustainability Working Group of the CRO Forum, a high-level discussion group formed and attended by chief risk officers of major European insurance companies. We are leading the development of the Working Group's 2014 discussion paper, which seeks to raise awareness of the relevance of human rights issues in the insurance industry. It will contribute to the understanding of how insurance companies can manage human rights risks when dealing with other corporations. The paper will also serve as a basis for discussion for insurance companies and their stakeholders. It aims to help the insurance industry address the changing expectations pertaining to its role in respecting human rights and promoting best practice.

Environmental performance

In 2013, Zurich began implementing a Group-wide environmental management system that includes market-leading environmental reporting software to build on existing activities within the company. This will allow us to accurately assess and continuously improve our environmental footprint across all countries in which we operate by measuring carbon emissions, energy consumption, paper use, water consumption and waste generation in our office buildings.

Using this data, a global network of environmental managers is implementing initiatives to actively reduce Zurich's environmental footprint and help the Group achieve our environmental targets. We aim to reduce carbon emissions, per employee, generated by our office buildings and business travel by 50 percent, and reduce energy consumption per employee by 40 percent. We want to achieve both of these goals by 2020, compared with a 2007 baseline. At the end of 2013, we already had achieved a 25 percent reduction in carbon emissions per employee and a 29 percent reduction in energy consumption per employee.

We are working to increase the data transparency, quality and coverage of our environmental performance reporting. As part of these efforts, in 2013, Zurich engaged an external auditor (Pricewaterhouse Coopers AG) to verify all of our 2013 environmental data.

We are developing highly energy-efficient office buildings and are installing technology to produce energy for the company's own use. For example, SkyKey, our new headquarters in Zurich for the Swiss market, will provide sustainable workplaces for around 2,500 employees and external staff and aim for the highest 'platinum' ranking under the Leadership in Energy & Environmental Design (LEED) certification system.

We also aim to become carbon neutral by the end of 2014, offsetting emissions we cannot eliminate through a forestry project in Indonesia, which also supports our flood resilience program.

In summary

We play an important social and economic role through our core insurance business. Insurance allows people and businesses to protect themselves from risk, helping them to become prosperous, resilient and stable. The premiums we invest in the capital markets help to finance businesses and socially-important projects. This means that our wider contribution to society is not separable from our business. It is part of how we do business.



Martin Senn, Chief Executive Officer

Our Group

The Group is headquartered in Zurich, Switzerland where it was founded in 1872. Further information about Zurich is available at <http://www.zurich.com/en/about-us/a-global-insurer>

Corporate responsibility and our business strategy

Corporate responsibility at Zurich

Creating sustainable value section of the 2013 Annual Report

Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2

Businesses should make sure that they are not complicit in human rights abuses

Links to the relevant page on our website:

-  [Our commitment](#)
-  [Zurich's role in emerging markets](#)
-  [Z Zurich Foundation Annual Report 2013](#)
-  [Global Risks Report 2014](#)
-  [Corporate responsibility in business transactions](#)
-  [Sustainable products and solutions](#)
-  [Employees speaking up and reporting concerns \(Zurich Basics pages 4 and 9\)](#)
-  [Suppliers](#)
-  [Health and safety management](#)

Labor

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labor









Principle 5

Businesses should uphold the effective abolition of child labor

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

 **Links to the relevant page on our website:**

-  [Our commitment](#)
-  [The Zurich Commitment](#)
-  [Our people](#)
-  [Employee development and diversity & inclusion \(including key performance indicators\)](#)
-  [Board composition](#)
-  [Employee engagement](#)
-  [Developing our people](#)
-  [Employees speaking up and reporting concerns \(Zurich Basics page 9\)](#)

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies

Links to the relevant page on our website:




-  [Our commitment](#)
-  [Environmental performance](#)
-  [Assurance statement](#)
-  [Flood resilience program](#)
-  [Responsible investment](#)
-  [Responsible investment press release: Zurich shares and promotes best practice](#)
-  [Responsible investment press release: green bonds](#)
-  [Understanding catastrophe risk](#)
-  [Sustainable products and services](#)
-  [Corporate responsibility in business transactions](#)

Anti-Corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery

Links to the relevant page on our website:

-  [Our commitment](#)
-  [Employees speaking up and reporting concerns \(Zurich Basics pages 4 and 9\)](#)
-  [Anti-bribery and anti-corruption](#)

Zurich, July 15, 2014