

United Nations Global Compact

Living up to our commitment

Martin Senn
Chief Executive Officer,
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Statement of continuing support

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 2014–2015

Our flood resilience program

In 2014 the secretariat of the UN's Framework Convention on Climate Change (UNFCCC) recognized the Zurich flood resilience program as a 'Momentum for Change Lighthouse Activity,' acknowledging it as an outstanding example of efforts to address climate change and its effects.

Our program employs a new approach to cross-sector collaboration through an alliance with the International Federation of Red Cross and Red Crescent Societies (IFRC), the international non-governmental organization (NGO) Practical Action, and two research institutes – the International Institute for Applied Systems Analysis (IIASA), and the Wharton Risk Management and Decision Processes Center.

By linking research, community-based programs and risk expertise, we seek to demonstrate the benefits of pre-event risk reduction over post-event disaster relief. Together we also work to facilitate public dialogue around flood resilience.

We continued our efforts in our pilot communities in Mexico, Indonesia, Nepal and Peru. In Mexico, the focus is on clusters of at-risk communities in Tabasco, where in some places floodwaters stand for months at a time. These communities are now implementing solutions to provide shelters and alternative agriculture during the flood season. In Indonesia, we are looking at how upstream behavior affects downstream communities in West Java, especially with regard to developing a sustainable waste management approach. Work in Nepal includes strengthening critical infrastructure (such as evacuation routes and shelters) and improving livelihoods to make community members better able to withstand floods. The El Niño phenomenon can cause enormous damage to communities in urban areas in Peru. We are working in the Rimac and Piura river basins to help communities in these places prepare better for the heavy rains that typically follow a severe El Niño.

Our collaboration with Wharton and IIASA delivered key research insights, which the alliance has used to build a resilience measurement tool. This tool takes an innovative approach toward defining a community's resilience level, and helps us to measure the impact of our work. Zurich also published three post-event review studies of specific flood events in Germany, Switzerland and the UK.

Our progress 2014–2015 continued

As part of an employee secondment plan, eight Zurich employees were given the opportunity to work on projects with our community partners in 2014, allowing them to deploy their skills where they can make a difference.

Responsible investment

Responsible investment forms an integral part of Zurich's investment philosophy and approach. We have been a signatory of the Principles for Responsible Investment (PRI) since 2012 and are pursuing a robust strategy for responsible investment. Our second PRI Transparency report for the 2014 – 2015 reporting cycle was published on our website in March 2015.

In July 2014, we doubled our commitment to invest in green bonds to up to USD 2 billion, with around USD 700 million already invested. With this investment we hope to help mitigate climate change and other environmental risks. We have also made our first investments in impact private equity, supporting inclusive finance in Africa and Asia, and environmental technologies in Europe.

In collaboration with Population Services International (PSI), a large global health organization, we developed a unique framework to facilitate use of investor capital as a source of flexible and scalable funding for NGOs. Through this work we can showcase innovative approaches to impact investing and demonstrate how private capital can help NGOs to maximize their impact.

Working with our customers to manage corporate responsibility risks

Zurich has a three-step approach to systematically detect, assess and mitigate major environmental, social and ethical risks inherent in some corporate and commercial customer transactions. In 2014, we trained over 900 General Insurance employees to use this responsible approach to corporate business. Using our proprietary risk-profiling methodology, we have prioritized five key areas of concern: human rights; banned cluster munitions and anti-personnel land mines; and governance, human rights and environmental risks in dam construction, mining, and oil and gas activities.

UN Guiding Principles on Business and Human Rights

Zurich led the process to develop the Chief Risk Officer Forum's 2014 discussion paper, Human Rights in Corporate Insurance. This paper seeks to improve understanding of how insurance companies can manage human rights risks when dealing with other corporations. It aims to help the industry address changing expectations about its role in ensuring human rights are respected, while promoting best practice. Building on what we learned, we have introduced an overarching human rights position in our approach to managing CR risks in business transactions.

Environmental performance

Zurich uses a Group-wide environmental management system (EMS) to measure and improve our environmental footprint across all countries in which we operate. This system helps us to reduce our global carbon footprint and address other types of environmental impact from our offices, such as paper use, waste generation and water consumption. In Switzerland we have received ISO 14001 certification for all Zurich in-house business operations and the activities of Zurich's headquarters and the Zurich Switzerland business unit.

We aim to reduce carbon emissions generated by our office buildings and business travel by 50 percent per employee, and energy consumption per employee by 40 percent by 2020, compared with a 2007 baseline. At the end of 2014, we had already achieved a 37-percent reduction in carbon emissions per employee and a 30-percent reduction in energy consumption per employee. We also became carbon neutral at the end of 2014, offsetting emissions we cannot eliminate through a forestry project in Indonesia, which also complements our flood resilience program.

We are developing highly energy-efficient office buildings and installing technology to produce energy for our company's own use. SkyKey in Zurich, our new headquarters for the Swiss market, was completed in 2014 and provides a sustainable workplace for around 2,500 people. It aims to receive the highest 'platinum' ranking under the Leadership in Energy & Environmental Design (LEED) certification system. The building was constructed using up to 75-percent recycled materials and only Forest Stewardship Council-approved wood. This modern and attractive workplace includes a pool of electric cars for employee use.

In 2014, Zurich joined 186 other leading companies in the CDP Climate Performance Leadership Index (CPLI) and the CDP Climate Disclosure Leadership Index (CDLI) for the DACH region (Germany, Austria and Switzerland).

Our people

Underscoring the important role our people play in achieving our strategic goals, the role of Chief Human Resources Officer was elevated to the Group Executive Committee.

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, including making a positive contribution to the communities in which we live and work. With this in mind, in 2014 we re-shaped people practices in the areas of recruiting, talent management, development, performance management, engagement, and diversity and inclusion.

In summary

Insurance creates value for society. It allows people and businesses to protect themselves from risk and helps them become prosperous and resilient. Risks are becoming more complex as a result of climate change, globalization, urbanization and technological development. Insurers are increasingly expected to use their core skills to help communities and society become more resilient to interconnected risks, including natural hazards. The premiums we invest in capital markets also help to finance businesses and projects that are important for society. Corporate responsibility is an integral part of Zurich's strategy. By acting responsibly in everything we do, we aim to create sustainable value for all our stakeholders.



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 www.zurich.com/en/about-us

Corporate responsibility and our business strategy

Corporate responsibility at Zurich

Corporate responsibility highlights 2014

Living up to the Zurich Commitment

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 2014
- Global Risks Report 2015
- Corporate responsibility in business transactions
- Sustainable products and solutions
- Employees speaking up and reporting concerns (Zurich Basics pages 5 and 10)
- 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 10)**

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
Climate change: Zurich's position
Carbon neutral
Responsible investment
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 5 and 10)
Anti-bribery and anti-corruption
Corporate responsibility in business transactions

Zurich, July 14, 2015