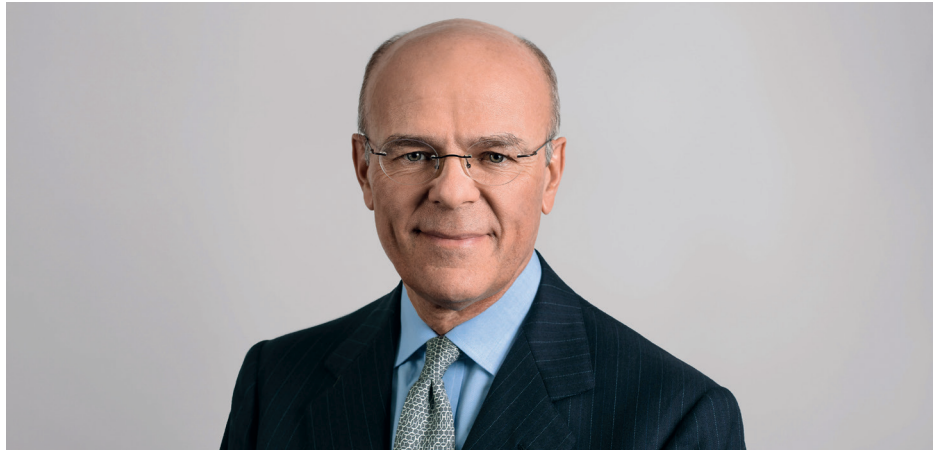


United Nations Global Compact

Living up to our commitment

Mario Greco

Group Chief Executive Officer,
Zurich Insurance Group



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 2015–2016

Our flood resilience program

In 2015, the Zurich flood resilience program received the Special Climate Prize at the Convergences World Forum. This award recognizes our model based on collaboration between humanitarian, academic and private sectors, and our unique approach to improving flood resilience. The Prize was created in 2015 to recognize innovative and relevant initiatives to address climate change. Zurich's flood resilience program employs a new, cross-sector collaboration model based on an alliance that includes 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. Zurich works within this alliance to ensure that the knowledge and ideas it generates fit the needs of local communities, and that the ideas can be put into practice.

We are working with the IFRC to establish flood programs in 21 communities in the state of Tabasco, Mexico. We are also working with the Indonesian Red Cross (PMI) to help 21 communities in West and Central Java develop solutions to recurring flooding.

Along with another alliance member, Practical Action, similar programs are underway in 74 communities in Nepal, 15 communities in Peru, and 15 communities in Bangladesh, where access to efficient early warning systems, alternative livelihoods and strengthened collaboration with local decision makers are key to enhancing resilience.

Together with two other members of our alliance, the International Institute for Applied Systems Analysis (IIASA) and the Wharton Business School's Risk Management and Decision Processes Center (Wharton), we have developed processes and tools that can be applied to increase flood resilience at the community level, including a flood resilience measurement framework. Our 'post-event review capability' or 'PERC' methodology also aims to address flood risks through in-depth studies of past flood events.

Our progress 2015–2016 continued

As part of an employee secondment plan, in 2015, seven Zurich employees were given the opportunity to use their skills in projects, together with members of our alliance, helping to make a difference in communities. Beyond this type of direct involvement, contributions included providing project management support to put our flood resilience measurement tool to use, helping communities to develop communication skills in a month-long project with Practical Action in Nepal, and supporting a digital media strategy over two months for Practical Action in Peru.

In August 2015 we also announced that we are investing USD 10 million in a grant-based competition called the Water Window, an initiative led by the international Global Resilience Partnership. The Water Window aims to identify, encourage and scale up local innovations to address challenges related to water, including floods. Zurich is the first private-sector member of the Partnership.

Responsible investment

Our impact investing portfolio topped USD 1 billion for the first time in 2015, an increase of 54 percent from 2014. This included USD 870 million invested in 'green' bonds that finance renewable energy or similar projects; we have committed to invest, in total, up to USD 2 billion in these instruments. We also have committed USD 105 million to impact private equity funds, as part of our plan to allocate up to 10 percent of our private equity investments to such funds. In addition, we have increased our investment in 'sustainability' bonds to USD 55 million. These bonds provide funding for projects that benefit social welfare.

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 third PRI Transparency Report for the 2015 – 2016 reporting cycle was published on our website in July 2016.

We are also updating our proxy voting strategy to take a more active role as a shareholder in companies in which we invest. The new approach introduces active execution of voting rights for the majority of all internally-managed assets and a formal requirement for external asset managers to execute votes on Zurich's behalf.

In collaboration with 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 non-governmental organizations (NGOs). We are now working with PSI and an interested donor organization on a framework to allow a development bond instrument to be tested.

Working with our customers to manage corporate responsibility risks

Zurich uses a three-step approach that systematically detects, assesses, and mitigates major environmental, social and ethical risks inherent in specific business transactions. We have now implemented a system to track CR-related issues in business transactions.

We introduced an overarching human rights position in our approach to managing corporate responsibility risks in business transactions.

We developed a refresher program consisting of a new e-learning package and a series of new supporting documents and videos for all employees.

Anti-bribery and anti-corruption

Zurich is committed to fair and responsible business and prohibits all forms of bribery or corruption, and any business conduct that could create the appearance of improper influence.

Zurich's anti-bribery and anti-corruption Group policy sets out our global framework addressing the common areas of risk and includes the requirement for local compliance functions to appoint an anti-bribery and anti-corruption officer; complete a focused anti-bribery and anti-corruption risk assessment; identify and record appropriate mitigating processes within the business; and embed appropriate management information, key performance indicators, reporting and monitoring processes. This policy was revised in April 2016.

Environmental performance

Zurich uses a Group-wide environmental management system 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 again 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 2015, we had already achieved a 43 percent reduction in carbon emissions per employee and a 33 percent reduction in energy consumption per employee. We are continuing to purchase carbon credits since becoming carbon neutral at the end of 2014. These credits offset 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, provides a sustainable workplace for around 2,500 people. It received the highest 'platinum' ranking under the Leadership in Energy & Environmental Design (LEED) certification system.

Zurich has recently joined the RE100 (Renewable Energy 100) initiative and is committed to using 100-percent renewable power in all of its office buildings and data centers worldwide by 2020. Currently, more than 40 percent of Zurich's power already comes from renewable sources.

In 2015 Zurich achieved a score of 100B and again achieved a place in the Climate Disclosure Leadership Index (CDLI) 2015 for the DACH region (Germany, Austria and Switzerland).

Focus on our people

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. This certification demonstrates Zurich's commitment to be the employer of choice in the insurance industry. Our inclusive culture and development opportunities support learning through all phases of a career. We are also helping to develop new talent.

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.



Mario Greco
Group 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 2015
- Living up to the Zurich Commitment

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Links to the relevant page on our website:



- Our commitment
- Respecting human rights
- Corporate responsibility in business transactions
- Z Zurich Foundation Annual Report 2015
- Global Risks Report 2016
- Zurich’s role in emerging markets
- Sustainable products and solutions
- Employees speaking up and reporting concerns (Zurich Basics pages 6 and 11)
- 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:** the elimination of all forms of forced and compulsory labor;
- Principle 5:** the effective abolition of child labor; and
- Principle 6:** 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 11)
- Health and safety management
- Suppliers

Environment		Principle 7: Businesses should support a precautionary approach to environmental challenges;
		Principle 8: undertake initiatives to promote greater environmental responsibility; and
		Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Links to the relevant page on our website:		
	➤ Our commitment (Zurich Basics page 12)	
	➤ Group environmental policy	
	➤ 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 6 and 11)	
	➤ Anti-bribery and anti-corruption	
	➤ Corporate responsibility in business transactions	
	➤ Respecting human rights	

Zurich, July 12, 2016