



Annual Report 2016



Introduction

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Building resilience in Mexico

As part of our local program in Mexico, teams of Zurich staff working alongside our community partner Construyendo. A powerful example of how we can combine money from the Foundation with the time and skills of Zurich employees to build local resilience. See page 16.

Message from Kathleen Savio

The world is an increasingly uncertain place – and 2016 was certainly a year for surprises.



“
In 2017 and beyond, we will build on our past successes to achieve an even greater impact.”

In 2016, the outcome of the UK's referendum on EU membership and the U.S. presidential election represented unpredictable seismic political shifts. In terms of changes that affect millions of people in a very direct way, global losses from natural hazards in 2016 were estimated to have topped USD 175 billion, continuing the upward trend. From earthquakes in central Italy to wildfires in Canada, and, of course, flooding across many parts of the globe, hazards are becoming more severe and harder to forecast.

This year's Global Risk Report again highlighted the difficulty in predicting the risks posed by climate change, and the continuing challenges presented by mass migration and growing social inequality. These issues also raised questions about the Z Zurich Foundation's ('Foundation's') role, and what its impact could and should be.

Over the past few years, the Foundation has concentrated on the challenges that communities face, working through both our global flood resilience program and by supporting local country activities to address the main issues. Our efforts are helping to build mechanisms to enhance community stability and prosperity. During 2016, as Zurich Insurance Group ('Zurich') reviewed and redefined its business strategy, the Foundation also reexamined its mission. On pages 2-3 you can see how this process has helped us to focus our approach. In 2017 and beyond, we will build on our past successes to achieve an even greater impact on communities and lives of individuals.

On a global level, in 2016, through cooperation within our flood resilience alliance network, we implemented a pilot project across approximately 75 communities in 10 countries to measure and quantify the results we are achieving from the flood resilience program. Over 2016-2017, this pilot will help us to establish indicators that show us how we are effectively building flood resilience. Our research partners are focused on analyzing the data collected, and are helping to guide our work as we near the end of the first five-year phase of our flood resilience program. You can read about our progress, both in terms of the actions we are taking and how we are looking to measure our success, on pages 4-6.

In addition to our work on flood resilience, the Foundation's strategy has been largely focused on increasing country-based offices' engagement locally to address issues pertinent to their own communities. In 2016, we supported further expansion of longer-term local programs. We also used our matching programs to encourage more local fundraising and volunteering beyond what we have accomplished through our annual Global Community Weeks. This approach is designed to help communities identify and understand the risks that they face, while also building local resilience to these risks. Take a look, region by region, at the work we support on pages 7-20.

We are grateful to all those who contribute to our efforts, and are thankful to Zurich employees for their work over the past year to help the Foundation make a real difference to the communities we serve. I very much look forward to continuing the development of the Foundation's programs as we implement our strategy in 2017 and beyond.

We thank you for your interest in our work, including achievements highlighted in this publication. We welcome your thoughts and observations sent to z.foundation@zurich.com

Sincerely,

A handwritten signature in black ink that reads 'Kathleen Savio' in a cursive script.

Kathleen Savio

Chair of the Board of Trustees, Z Zurich Foundation

Developing a strategy for 2017 and beyond

As we reported in 2015, the Foundation has developed its strategic direction to sharpen its focus, a process that continued in 2016.

Midway through 2016, as Zurich underwent its own re-orientation, we also found it necessary to test our assumptions. Changes in executive appointments at Zurich also affected the composition of the Foundation's Board.

Consequently, we reviewed our strategy with trustees and other senior leaders within Zurich and, toward the end of 2016, determined not only the way our strategy would be shaped in future, but also undertook the more detailed planning necessary to achieve our goals.

A revised mission

Our organization is independent of Zurich's business, but our purpose is to operate in a way that supports Zurich's community investment aims. The Foundation's mission has therefore been revised to more clearly align it with Zurich's own strategy.

Our mission

The Z Zurich Foundation will support Zurich to use its resources – namely employees' experience and expertise, as well as Zurich's own financial resources – to help communities understand and protect themselves from risk.



Our priorities for 2017 and beyond

In 2008, the Foundation drew up our first 'Giving Guideline,' which provided structure to our longer-term approach. This has become more refined as we have developed our programs. At the end of 2016, the approach was refined still further to sharpen our focus.

1.

Global program – sustainable flood risk management

Our Giving Guideline has been revised to recognize the important role that our flagship flood resilience program plays. Starting in 2017, we decided to focus only on building resilience to address the specific risks posed by the natural hazards of floods.

2.

Supporting long-term local programs

By reviewing our existing country level programs, we found that we were already targeting our efforts by focusing on certain select themes. We revised our Giving Guideline for 2017 and beyond to further encourage this emphasis on a focused approach around youth empowerment and physical/mental distress. This Annual Report, in the way it is structured, highlights the regional activities the Foundation supports.

3.

Encouraging employee engagement

In 2016, Zurich's annual Global Community Week was held for the fifth consecutive year. In this report we showcase some examples of work supported by Foundation's matching programs, through which we encourage employees to volunteer and raise funds in their communities, focused around that single week. In 2016 we extended the support to match year-round fundraising, and in 2017 to match all year-round volunteering activities (not just those carried out during annual Global Community Weeks). We will also look for other ways to encourage these local initiatives.

A best practice approach

Our approach across all our activities is governed by seven guiding principles that we consider to be best practice. These ensure that projects and initiatives:

1.

Have a positive impact

We support effective solutions that address social or environmental issues and have a meaningful, positive impact in communities where we are present.

2.

Have a defined focus

We take a strategic, long-term approach to social engagement and clearly define the impact we want to have, the issues we wish to address, and the communities we want to focus on.

3.

Benefit from strategic alliances

We work with organizations in the non-profit, public and private sectors to achieve greater impact beyond what each participant could achieve individually.

4.

Engage Zurich Insurance Group ('Zurich') employees

We make it possible for Zurich employees to participate in community work and involve them in the design, funding and governance of local community programs, while encouraging them to volunteer.

5.

Make best use of core competencies

We do not limit our contributions to cash, but also offer the time, skills and expertise of Zurich employees.

6.

Are effectively managed

We seek to commit dedicated, skilled people to ensure sustainability and appropriate management.

7.

Can be measured and use transparent reporting

We set objectives and monitor and evaluate performance against these indicators to ensure that we continue to improve in the areas we support. We are accountable to our stakeholders and report on our activities in a clear, transparent way.

To stay true to this approach, we carefully choose the organizations in our focus areas that we cooperate with, and do not accept unsolicited applications from third parties for support.

For more information please visit our website: www.zurich.com/en/corporate-responsibility/investing-in-communities

Global program review: building community resilience to floods

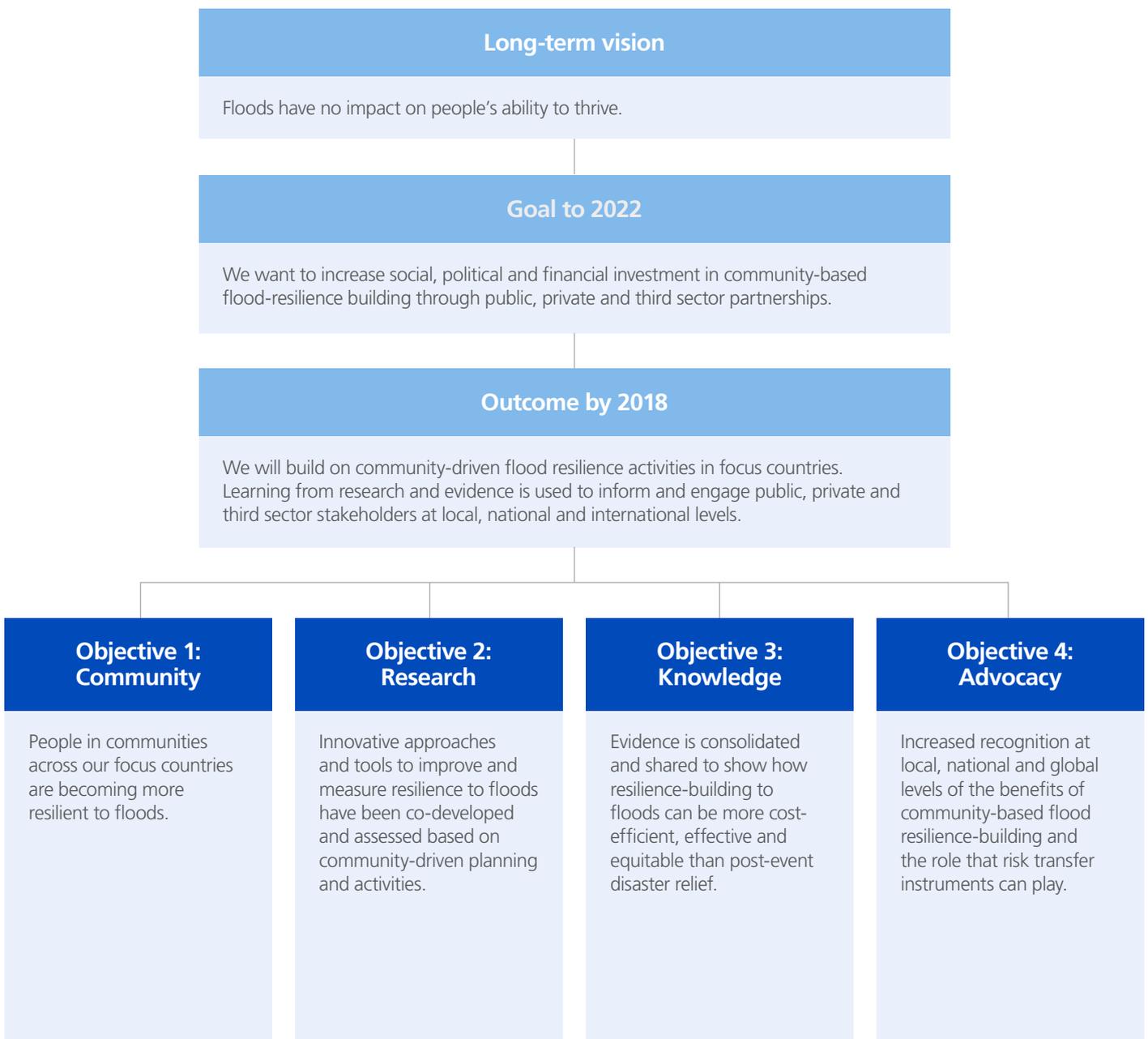
Clarifying our objectives

The Z Zurich Foundation and Zurich launched a flood resilience program in 2013. The program focuses on building resilience to floods at a community level.

This is a complex issue, and one our program has tackled by working in cooperation with stakeholders we have brought into an alliance. The alliance benefits from the different areas of expertise of its various members, whose insights on multiple levels help us to reach our goals. As our knowledge grew over time, it helped us develop our 'Theory of Change' model that we shared in 2015.

In 2016, following a comprehensive review of the program's partnership model, we also defined more clearly the type of change we want to achieve and the changes we hope to apply through specific work streams. We refer to this approach as the program's 'North Star' that guides us as we work toward our goal.

A review of our partnership approach highlighted some of its key strengths and achievements, in particular, the work our alliance has done on measurement. The review also gave us new insights on how we can further develop our approach to increase our impact.



The program and the alliance

Working directly in communities, our alliance partners have focused on specific ways to build pre-event resilience to floods.

With the International Federation of Red Cross and Red Crescent Societies (IFRC), work has continued in Mexico and Indonesia.

Mexico

In Tabasco, we continue to build on work begun in 2014-2015. Our efforts range from:

- education and training – helping people know what to do when floods occur;
- introducing alternative ways for people to earn a living – providing another source of income when floods disrupt their usual livelihoods;
- building and repairing water supply systems;
- building community centers that provide flexible and safe spaces during floods.

One example of such efforts is in El Bejucal where Zurich risk engineers and other volunteers lent support to a project to build a community center.

Such efforts have also helped the Mexican Red Cross to develop a national resilience strategy that underpins its work throughout Mexico.

Indonesia

Work also progressed in Java in 2016. Working with the Technology Institute of Bandung (ITB), we introduced an 'app' that serves as a flood early warning and early action system in the Bengawan Solo river basin. The app has the potential to give over 17 million people flood warnings days before an event occurs. It also offers ideas on specific measures to take that can help protect lives and property. The local government wants to extend the system to other river basins. Work also continued on garbage management projects in the upstream area of the Ciliwung river: Efforts include building drains to enhance natural run-off; reforestation projects along the banks of the upstream portion of the river to reduce siltation; and, supported by financial contributions from local governments, building evacuation facilities.

Together with Practical Action, we have also made progress in both Nepal and Peru.

Nepal

In 74 communities in the Karnali river basin, efforts were focused on developing better early warning systems.

Working with Lancaster University, Practical Action is introducing rainfall modeling into its early warning system, which will make it possible to provide earlier warnings, giving households more time to prepare for floods. Nepal's government has adopted the rainfall forecasting model, using it to disseminate information with the help of local telecommunication companies. Work is also continuing to support people to find ways to diversify their incomes so they can continue to earn a living even during floods.

Peru

In both Piura and Rimac river basins, work continued on ways to help communities better withstand the impacts of El Niño. The work included setting up and supporting community brigades trained to help people in an emergency, improving evacuation routes, and improving planning to prepare for risks. Our work was put to the test in early 2017 when heavy rainfall caused floods and mudslides in the region. Work continues to help us to better understand how effective the programs are, and where necessary, make adjustments.

Zurich in the community

Helping communities be heard

Practical Action, as a member of the Zurich flood resilience alliance, is helping communities become more flood resilient, including Las Esteras, Peru, where during rainy seasons, people live in constant fear of floods.

Berta Huaroto, community leader of Las Esteras, recalls the day in 1997 when a flashflood forced her family to flee, leaving their possessions behind. People waited for the local government to step in, but nothing happened. Or at least it didn't until Practical Action got involved.

A key focus has been to help the community's voice get heard. By setting up a committee with Las Esteras and other communities, at last the authorities are listening. With Practical Action's help, Las Esteras and communities like it are gaining confidence in discussions with the local municipality, the National Water Agency and other key bodies.

Practical Action has "made us feel important," Berta Huaroto says. Today she approaches authorities with confidence to help Las Esteras conquer its fear of floods.



Berta Huaroto, community leader of Las Esteras.

Global program review: building community resilience to floods (continued)

Progress in developing our measurement framework

Over the course of 2016, we supported the development of a practical resilience framework. In late 2015, we decided to engage four additional partners – organizations tasked with testing our approach and the ‘toolkit’ we developed in their own flood resilience-building programs. Some of the funding provided was channeled into concrete ‘interventions,’ but the majority of funds were used to test the measurement toolkit.

In the early months of 2016, all of our flood resilience alliance partners began implementing the measurement toolkits we developed. They did so in communities in Haiti, Afghanistan, Timor Leste, Nepal, Indonesia, and two states in the U.S. This not only helped us to gather data to enhance the tools. It also made a difference to our partners’ own programs. For example, the process of analyzing the results from the toolkit led Mercy Corps’ operation in Indonesia to develop a new process that makes it easier to identify the most effective solutions. Plan International in Nepal reported that just by using the tools, community members’ understanding of resilience was enhanced. These are just two of the many ways partners who used our measurement tools on a trial basis also benefited from it.

The pilot phase will continue into 2018. We hope that through this project we can indeed measure the positive changes that our programs have made to communities, and that we can demonstrate that these changes have genuinely increased flood resilience.

What our research partners have achieved – some examples

During 2016, our research partners concentrated much of their efforts on evaluating the data that our measurement work generates. They used this data to start to validate the model, and published a peer-reviewed paper on the process in the *Natural Hazards and Earth System Sciences* journal.

www.nat-hazards-earth-syst-sci.net/17/77/2017/nhess-17-77-2017.pdf

One of our alliance members, the International Institute for Applied Systems Analysis (IIASA), worked intensely to develop its research on gaming in the context of flood resilience, devising flood resilience games that show what can happen in ‘real’ flood situations to raise interest and educate people to make better decisions when it comes to flood risks. The project was based on the idea of using crowd-sourcing to gather risk information and make it more accessible.

One of the key obstacles to building resilience and reducing risks is tied to the incentives needed to encourage people to take action prior to when a flood occurs. What motivates households to reduce their risks? How can the risk of ‘moral hazard’ in flood insurance markets be overcome? How can instruments such as the U.S. Community Rating System support resilience? Important findings on these topics were published by another flood resilience alliance member, the Wharton Risk Management and Decision Processes Center.

www.opim.wharton.upenn.edu/risk/library/WP201607_Measuring-Community-Resilience-CRS.pdf

For more information on these tools please refer to the details about the program on the website:

www.zurich.com/en/corporate-responsibility/flood-resilience

Global Resilience Partnership

In 2015, Zurich (through the Foundation) became the first private-sector sponsor of the Global Resilience Partnership. Zurich committed USD 10 million from the Foundation to fund a competition to develop innovative solutions to water challenges, including floods. At the end of 2016, 12 winning projects were announced. These are receiving funding for 18 months to further develop their ideas. They demonstrate resourcefulness and creativity in the face of specific challenges and include a plan for experimental floating houses in Vietnam, a mangrove reforestation project in Sri Lanka, and a cross-border early warning system in Nepal/India. In Bangladesh and Indonesia, those teams submitting winning solutions are implementing their programs based what they have learned by using Zurich’s measurement toolkit.

We will report on the initial progress made by these projects in our next Annual Report in 2017.

To learn more about these projects, visit the Global Resilience Partnership’s website:

www.globalresiliencepartnership.org/water/#finalists

Local program review: engagement across the regions

Summary

In addition to our global initiatives, we also seek to have a positive impact on the communities of which Zurich is an integral part.



Through our local grants program, the Z Zurich Foundation encourages and enables the development of long-term community activities run by Zurich's local subsidiaries. Funding by the Foundation is complemented by resources, time and skills from Zurich's employees locally.

In addition, the Foundation supports Zurich's annual Global Community Week (GCW) to encourage local engagement in communities. This program has taken place each year for the last five years and provides an opportunity to highlight and recognize the activities, time and resources Zurich contributes to communities around the world during the entire year.

It also provides a platform to raise awareness about Zurich's role in society, and inspires employees to help create tangible change where it is needed most.

The Foundation encourages Zurich employee engagement through two matching programs. In 2016, we provided CHF 250,000 to match volunteer activities around GCW, as we did in 2015. To earn a share of the matching funds, all participating local offices were asked to record their employees' volunteering hours during GCW, with skills-based volunteering counting double.

Volunteering increased significantly during GCW – a 42 percent increase in hours in 2016 relative to 2015 – and represented over half of all volunteering by Zurich employees throughout the entire year.

In 2016, the Foundation also extended matching funds to employee fundraising that took place not only during GCW, but during the whole year.

On the following pages we provide details of projects we have helped to support around the world in 2016, presented according to region.

KPIs

Global Community Week KPIs

	2016	2015	Change
Contributions (cash in USD millions) ¹	1.5	1.5	3%
of which contribution from employees (USD millions)	0.7	0.6	9%
of which contribution from Zurich and Z Zurich Foundation (USD millions)	0.9	0.9	(1%)
Total time volunteered from workforce (business hours)	44,225	31,040	42%
Workforce actively volunteering (% of total headcount)	32.4%	31.1%	1.3 pts
Countries involved	50	45	11%

All amounts are rounded to the nearest USD 100,000 with the consequence that the rounded amounts may not add up to the rounded totals in all cases.

	2016
Total (including GCW activities above)	
Time volunteered from workforce (business hours)	80,731
Employee fundraising	CHF 2,490,850
Foundation matching ²	CHF 769,150

¹ Note: this year cash contributions made by employees were matched throughout the year, and not just during GCW.

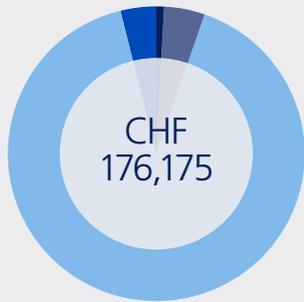
² In some cases, funds raised by employees exceeded the maximum amount of funds the Foundation may match in that country. For that reason, the total funds raised by employees may exceed the amount of funds provided by the Foundation.

Local program review (continued)

North America and Bermuda



Breakdown of ZZF matching by cause



● Disaster	CHF 400	0.23%
● Health	CHF 8,200	4.65%
● Youth	CHF 160,900	91.33%
● Other	CHF 6,675	3.79%

4 (100%)

Businesses actively engaged

34,481

Volunteer hours

CHF 1,288,250

Annual value of local grants

CHF 1,595,700

Employee fundraising

CHF 176,175

Foundation matching

32.52%

Participation rate

Summary of local grants in North America

Zurich North America with St. Bernard Project (SBP)**Building resilient communities**

Creating and putting into operation a community Disaster Resilience and Recovery Lab (DRRL), and providing ongoing on-the-ground operating support for post-disaster recovery.

The final payment in the agreement was made at the end of 2016, with the program operational to June 30, 2017.

CHF 2,774,500

Three-year term 2014-2017

Zurich Bermuda with Action on Alzheimer's & Dementia**Dementia-related challenges**

Implementing therapy programs to enhance dementia care while increasing awareness and understanding in communities for the challenges involved.

CHF 161,100

Three-year term 2015-2018

Zurich Canada with The Mustard Seed Foundation/RESOLVE**Building resilient communities**

Providing support to homeless communities in Calgary.

CHF 730,000

Three-year term 2016-2019



Zurich North America

Zurich North America (ZNA) has maintained a strong relationship with SBP (formerly known as St. Bernard Project) since 2009. At the Zurich Classic golf tournament, our executives and guests work with the SBP in the New Orleans area to rebuild homes for those still without suitable accommodation following Hurricane Katrina.

Following Superstorm Sandy, which struck the U.S. east coast in November 2012, ZNA and SBP secured a USD 2,795,000 grant over three years from the Z Zurich Foundation to help communities recover and increase resilience to be better equipped to face natural hazards. Zurich's employees in the New York area continue to volunteer to help SBP rebuild the homes that, more than four years on, still are not habitable.

Supporting the grant, employees are involved in skills-based volunteering to support the development of SBP's 'Disaster Resilience and Recovery Lab,' a knowledge platform that aims to increase preparedness and resilience of people in areas where natural disasters pose a high risk. The Lab is envisioned as the national framework for disaster preparedness and recovery in the U.S.

Supported by the expertise of Zurich employees, SBP worked closely with our risk engineers, and learning and development team, to produce a pre-disaster curricula. Designed for homeowners and small businesses, it covers three main areas:

- Resilient building and retrofitting
- Documentation: preparation and storage
- Insurance: getting it right

Our Zurich skills-based volunteers have provided more than 800 hours of support. Underscoring Zurich's commitment, Zurich North America's Chief Administrative Officer Craig Fundum joined the SBP board in early 2017.

Jenae O'Neil

Community Investment and Employee Engagement
Program Manager Zurich North America

“
I watched black mold
grow on the walls,
I watched mushrooms –
this is true – grow out
of the carpet.”

Cecil Lloyd-Bey

whose home was uninhabitable after Superstorm Sandy but rebuilt and refurbished by Zurich volunteers during a rebuilding project run by SBP.



Sir Rocco, courtesy of
Make-A-Wish Foundation.

Zurich in the community

Helping to make children's wishes come true in North America

Hundreds of Zurich North America employees continue to help make dreams come true for children with life-threatening illnesses by supporting the Make-A-Wish Foundation. Here is Rocco being 'knighted' before he goes on an adventure in Zurich's Schaumburg office.

Local program review (continued)



Zurich Bermuda

Zurich Bermuda's partnership with Action on Alzheimer's & Dementia (AAD) represents a three-year, USD 150,000 Z Zurich Foundation commitment. The funding has enabled AAD to increase the number of residential homes where it provides therapy services. It has also allowed them to offer a greater variety of therapy programs. Zurich's employees have played a crucial role in the program. They not only chose this program to support, but also volunteer to assist AAD on a year-round basis. Zurich Bermuda's local charity committee had already supported AAD for a number of years. But after stories in the media about the lack of high-quality care available for Bermuda Alzheimer's or dementia sufferers, we realized there was much more we could do. Getting support from the Z Zurich Foundation to enhance AAD's efforts has enabled us to expand our work.

Zurich's employees regularly volunteer time and expertise to different therapy programs. A trip we organized to a local aquarium led to a letter of thanks. Recognizing that caregivers are under tremendous stress, we organized a 'Cocktails for Carers' evening at Zurich's offices, giving those who support dementia sufferers an opportunity to relax and network with others in similar situations. Nearly all of our employees (close to 80 percent) participated in the program in 2016. I was honored to join the board of AAD as their treasurer, and even ran a half marathon last year to help raise funds for them. I look forward to finding more ways Zurich can support AAD in the future.

Melissa Logie

Finance Manager Zurich Bermuda, Chair of Zurich Bermuda Charity Committee, Treasurer Action on Alzheimer's & Dementia (AAD)



Bermuda Beach Olympics volunteers

Zurich in the community

Raising money and awareness for local charities in Bermuda

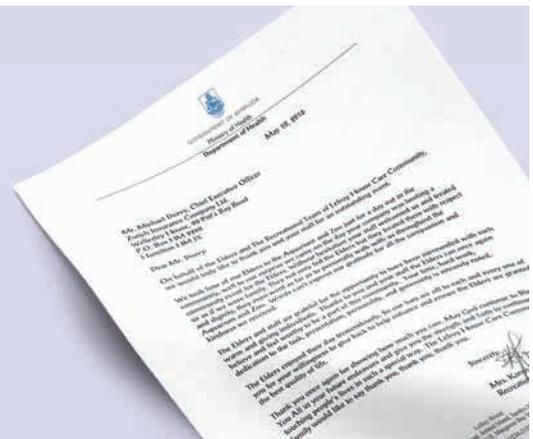
Zurich Bermuda was proud to enter a team in the 2016 Give Back Games. Run by the Centre on Philanthropy, the 'Beach Olympics of Bermuda' brought 11 companies out to compete in the

event, together raising over USD 62,000 for local charities they selected. Competition included sand sculpting and inflatable shark relays. Zurich Bermuda raised USD 4,500, which was matched by the Z Zurich Foundation and donated to the Coalition for the Protection of Children's 'Toys for Tots' and 'Christmas Hamper' programs.

Zurich in the community

Letter thanking Zurich Bermuda staff who took elderly care patients on a day's outing to an aquarium:

"Your staff ... treated us as if we were family."



“ Our partnership with AAD has not only allowed the organization to expand its programs in the local community, but has also had a positive impact on the families and carers of those with dementia, and the Zurich Bermuda staff who go out to volunteer.”

Mike Deevy

CEO Zurich International Bermuda Branch



Zurich Canada

2016 was a devastating year for Alberta, with the Fort McMurray wildfire, one of Canada's largest, and possibly most costly wildfires. It was clear from their large donations that Zurich's employees were greatly moved by the disaster and the homelessness it caused.

“With Calgary having the highest rate of homelessness in Canada, it is important that we can support Mustard Seed and focus our resources on the areas where need is greatest.”

Lori Cassidy

Finance Director Zurich Canada and chair of Zurich Canada Charitable Giving Committee

Spurred by this response, at a Risk and Insurance Management Society (RIMS) conference in Calgary in September 2016, Zurich took the opportunity to announce a new local grant – a three-year commitment totaling one million Canadian dollars from the Z Zurich Foundation to support the RESOLVE campaign, whose goal is to end homelessness in Calgary, Alberta.

RESOLVE is a collaboration between nine different charities. One of these, Mustard Seed, will use the funding it receives from the Z Zurich Foundation's grant to help it achieve its goal of providing 292 affordable housing units to homeless and low-income families.

The campaign promotes the 'housing first' model, providing vulnerable people with housing who might otherwise have to be put in other programs to address, for example, mental health issues or addiction before being able to secure long-term living arrangements. Evidence suggests that providing people with a stable living environment helps them to overcome other problems, such as addiction, making it less likely that they will become homeless again. Zurich continues to support Mustard Seed and those it benefits, online and on the ground, including by collecting clothing for low-income families and for job interviews. Experts from Zurich are also helping Mustard Seed to implement a new donor and volunteer management IT system.

Patti Kurgan

Learning & Development Manager Zurich Canada, Program Manager for RESOLVE relationship

Zurich in the community

Engaging our employees in fundraising in Canada

Zurich Canada employees focused on homelessness in their annual 'A Time For Giving' fundraising campaign, supporting programs run by both RESOLVE and the United Way.

They also continued to support local children's hospitals. They raised over CAD 150,000 through the campaign. The highlight for many employees was paying for a chance to dunk an executive team member in a tank of water.



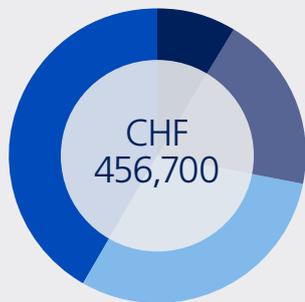
Dunking managers for a good cause.

Local program review (continued)

Europe, Middle East & Africa



Breakdown of ZZF matching by cause



● Disaster	CHF 39,500	8.65%
● Health	CHF 89,200	19.53%
● Youth	CHF 137,800	30.17%
● Other	CHF 190,200	41.65%

30 (100%)

Businesses actively engaged

26,524

Volunteer hours

CHF 453,300

Annual value of local grants

CHF 810,000

Employee fundraising

CHF 456,700

Foundation matching

30.24%

Participation rate

Summary of local grants in Europe, Middle East & Africa

Zurich Spain with Junior Achievement**Youth unemployment**

Helping students gain and build skills and improve their chance to get a job. Recently agreed to expand this initiative in final year to include a program aimed at inspiring more girls to study science, technology, engineering and mathematics – often called 'STEM' subjects.

CHF 305,000

Three-year term 2015-2018

Zurich Ireland with Irish Rugby Players' Association**Mental health**

Creating a nationwide campaign to reduce the stigma of mental health issues. Due to the program's success and its potential to have a wider impact, funding was increased by a further EUR 400,000 at the end of 2016.

CHF 1,100,000

Three-year term 2015-2018

Zurich Germany with Mentor Stiftung Deutschland**Disadvantaged youth**

Establishing a mentoring program with young adults.

CHF 224,340

Three-year term 2016-2018

Zurich Nordic with Mentor Sweden**Disadvantaged youth**

Supporting expansion of a mentoring program with young adults and job readiness workshops in schools.

CHF 750,000

Originally from 2014-2017; extended in 2017 to 2021

Zurich Morocco* with Education for Employment**Youth unemployment**

Providing training and mentoring for young people to help them secure employment and acquire the skills needed for long-term employment.

CHF 148,900

Three-year term 2015-2018

* As part of the agreement to sell Zurich's Moroccan business to Allianz, we agreed that Allianz would honor the internships our partner, EFE, committed to under the local grant. This ensures that young people taking part in the program were not disadvantaged by the transaction.



Zurich Germany

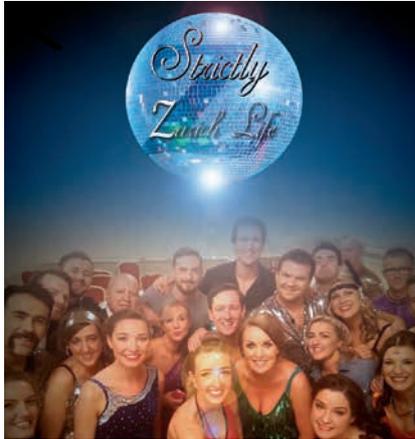
Mentor Stiftung Deutschland runs programs aimed at helping at-risk and disadvantaged young people make positive life choices, increasing their chances of success.

A three-year grant of over EUR 202,000 from Z Zurich Foundation funds the 'Zurich Values Program,' which includes five days of mentoring during an academic year at partner schools near our main offices in Frankfurt, Cologne and Bonn.

The mentoring program includes days where mentors and mentees share their experiences, successes and problems, with a focus on self-esteem; discuss what it means to have values; and, finally, reflect on what has been learned. Zurich employees get training prior to being paired with a student who has similar interests. Mentoring helps both parties; young people learn from mentors and gain insights from their experiences, while Zurich employees get the opportunity to explore issues outside of their normal social and work networks. I'm using some of what I learned from the program to write my bachelor's thesis. I hope my work will help us to further enhance the mentoring scheme.

Judith Groteclaus

Underwriting Service Specialist Commercial Insurance Germany, Mentor Stiftung Deutschland Relationship Program Lead



Zurich in the community

Dancing to help the elderly

Employees put on their dancing shoes and threw a 'Strictly Zurich Life' fundraising dance competition. With the Z Zurich Foundation's matching, over EUR 70,000 was raised for long-term partner ALONE, a service that works to reduce isolation among the elderly.



Zurich Ireland

Mental health is a growing concern in Irish society. In Ireland, we have one of the highest youth suicide rates in Europe, and it is estimated that one in every four people will experience mental health problems during his/her lifetime. Indeed, our business is now seeing mental health issues overtake physical disability as the leading reason for income protection claims.

In Zurich Ireland, our employees had already selected mental health charities as the beneficiaries of their fundraising for many years, so we knew the cause resonated. We wanted to take a positive approach to the problem, and paired up with the Irish Rugby Union Players Association (IRUPA – now Rugby Players Ireland) on 'Tackle Your Feelings.' The campaign aims to change attitudes and break down the stigma around discussing mental health; changing behaviors so that people take action to look after their mental and emotional well-being. It also creates a movement supported by 'champions' in communities across Ireland to keep the message alive in years to come.

We've received great support from the rugby community; those high-profile individuals that have told their stories have created a lot of interest in the campaign.

We have also had four employees come forward to share their stories and become internal ambassadors. As a result of our hard work, we secured the donation of some free prime-time advertising in a national cinema chain for our campaign ad, reaching even more people and further increasing awareness. The success of the campaign hasn't been limited to Ireland – our social media activity has been supported in over 100 countries worldwide.

The next step for us is to provide key community groups with the tools and resources to lead 'Tackle Your Feelings' workshops within their networks, helping to create a nationwide change in attitudes, so that people understand that asking for help and showing emotional vulnerability is a sign of strength, not weakness.

Elaine Hayes

Organizational Design Consultant Zurich Ireland, Tackle Your Feelings Program Lead

“
Tackle Your Feelings has started conversations, and they are conversations worth having.”

Daragh Byrne

Head of Human Resources, Zurich Ireland

Local program review (continued)



Zurich Spain

One in four Spaniards between the ages of 18 and 29 is not receiving continuing education or training, and many have no regular job. The country's youth unemployment rate is one of the highest in the eurozone. Zurich Spain knows that this directly affects Zurich's business – we need young people to be prosperous and able to participate in the workforce, as they will become our future employees, our future customers, maybe even our future shareholders.

The Z Zurich Foundation's grant funds our cooperation with Junior Achievement, a volunteer-based organization that helps young people acquire leadership skills, and supports two programs. 'Skills for Success' promotes the skills, insights and mindset students need to succeed in a global economy, including workplace skills often found lacking in young employees.

Students also learn how to improve their chances to find a job, including how to write resumes, cover letters and how to interview. Each session is conducted by trained volunteers, using material developed by Junior Achievement.

The second program, 'Mini Company,' allows students to learn and experience business fundamentals and the hard work needed to set up and run a company. They get support and guidance from volunteers in the local business community, including from us at Zurich. The program helps students develop teamwork, leadership and presentation skills, and become adept at the planning and financial aspects associated with the responsibility of running their own companies. Our employees enjoy seeing entrepreneurial talent blossom, and it's heartening to witness students' dedication to make their companies a success. The program is recognized by the European Commission Enterprise Directorate General as a 'Best Practice in Entrepreneurship Education.'

Near the end of 2016, funding for the program was extended to cover 'STEP by STEM,' an initiative aimed at increasing the number of female students enrolled in science, technology, engineering and mathematics (STEM) subjects. This helps us to ensure a diverse, inclusive approach to our community programs. I've also had the pleasure of sitting on the board of Junior Achievement.

Carlos Esteban

Human Resources Director Zurich Spain, board member Junior Achievement Spain



Zurich Nordics

After three successful years in partnership with Mentor Sweden, our initial grant came to an end in 2016. As Zurich's employees clearly saw value in the work we were doing with disadvantaged and at-risk young people, we were fortunate in November 2016 to secure a further five-year grant totaling SEK 6.75 million. This will allow us to continue to support this organization. Beyond mentoring, we invite young people from schools to spend time with us in job-readiness workshops. We are also continuing our popular parenting seminars that tackle key youth-related topics.

As part of their long-term strategy, Mentor is expanding into Norway and Denmark, and our employees in both countries have been contributing their professional skills to support the new Mentor offices. The refugee crisis has led Sweden to take in the second-highest number of migrants of any country in Europe. We also plan to develop a new integration support program for unaccompanied young refugees. David Haak, CEO Zurich Nordic, has been instrumental in the program's success, and regularly volunteers as a mentor himself. David joined Mentor Sweden's board of directors at the end of the year, having previously been part of its executive steering group.

Astrid Kroner

Service Specialist Risk Engineering Zurich Nordic, Mentor Sweden Relationship Program Lead

Zurich in the community

Raising funds and a smile for local people in Poland

Zurich's new shared service center in Krakow, Poland opened in March 2016 and lost no time in getting involved with the challenges of supporting disadvantaged local people. As part of Global Community Week, employees helped an orphanage in Sieborowice, providing new football (soccer) uniforms and holding a football tournament with the children. They also raised funds to take the children on a day trip to Warsaw. At Christmas, Zurich employees presented the institution with a contribution from the Foundation's volunteer matching program and took the young people presents.



Warmly appreciated: new winter coats provided by Zurich Turkey.

Zurich in the community

Helping disadvantaged young people in Turkey

Employees in Zurich Turkey have long supported organizations that help young people. At the end of 2016, they collected new coats and shoes for some of the most disadvantaged children in the country.

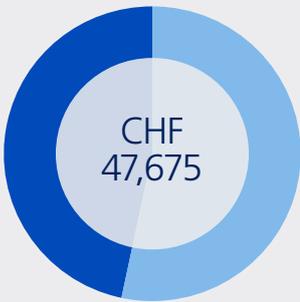
Many of these children are living in remote areas, including along the country's eastern border with Syria.

Local program review (continued)

Latin America



Breakdown of ZZF matching by cause



● Disaster	CHF 0	0.00%
● Health	CHF 0	0.00%
● Youth	CHF 25,500	53.49%
● Other	CHF 22,175	46.51%

7 (100%)

Businesses actively engaged

6,679

Volunteer hours

CHF 33,900

Annual value of local grants

CHF 16,600

Employee fundraising

CHF 47,675

Foundation matching

21.00%

Participation rate

Summary of local grants in Latin America

Zurich Mexico with Construyendo

Building resilient communities

Building sustainable, resilient housing for disadvantaged families living in disaster-prone communities.

CHF 226,653

Five-year term 2016-2021



Zurich Mexico

Zurich Mexico has been working for many years in flood-affected areas of the country as part of the Z Zurich Foundation's flood resilience program. One of our latest efforts has involved setting up a community program that actively involves our employees, while having real, tangible impacts on those vulnerable communities where we work. Our grant from the Z Zurich Foundation enables us to go into impoverished communities identified by our partner, Construyendo, and build resilient housing and community buildings. Providing families with homes can help them overcome other problems, like those related to health, sanitation and poverty, while giving them a solid basis to improve their lives.

Assisted by Zurich's risk engineering experts, Zurich volunteers build two houses, and build and furnish one classroom each year, supported by the grant. We have also committed to help Construyendo increase its capacity to assist through its programs. We are also supporting a project led by our finance team to help the organization ensure long-term financial stability. Following the implementation of recommendations made by our risk engineers, Construyendo obtained certification that allows it to use government funds to build more houses.

Gaby Bustamante

Head of Corporate Responsibility Zurich Mexico, Construyendo Relationship Program Lead

Zurich in the community

Rolling up our sleeves to help build new homes in Colombia

Zurich's office in Colombia is relatively new, and fairly small when compared with most other Zurich offices. But when employees there do something positive for the community, everyone in the office rolls up their sleeves and gets involved. Through their ongoing support of 'Un Techo Para Colombia,' ('A Roof for Colombia'), Zurich Colombia's employees raised funds that they used to build new homes for families living in extreme poverty.



Zurich in the community

Bringing employees together in Brazil to help those in need

Zurich Brazil continued its 'Z Mission' program, which includes bringing employees together to do community-related tasks. This includes collecting food and clothing for those in need. The program awards points to each team based on results, with a prize going to the team with the highest number of points at the end of the year.

Zurich's Brazilian business also collaborated with artist Romero Britto, known for his use of vibrant colors. The 'A Vida com Novas Cores' (Life with New Colors) initiative sponsored by Zurich took Britto to some of the poorest communities in São Paulo, where he stenciled examples of his famous artwork on walls. Zurich employees, together with family members and people in local communities, filled in the designs. The result? A joyful explosion of bright color. An artistic contribution. And new life for otherwise dull, gray walls.

Zurich in the community

Raising awareness around critical issues in Argentina

Zurich Argentina's 'VoluntarioZ' employee groups were active with a program of different events in 2016. These included climate change and flood resilience awareness workshops with climate change specialist Mauricio Saldivar and the Red Cross.

'ReutilizArte' workshops in local schools carried out together with CICODI, an Argentine NGO, taught pupils the concept of re-using objects, helping to recycle and reduce waste. 'My First Job' workshops, which prepare local school leavers for the next stage of their lives, included CV writing masterclasses, interview tips, and advice on how to effectively combine studies, work and a social life.



Zurich in the community

Giving blood in Venezuela

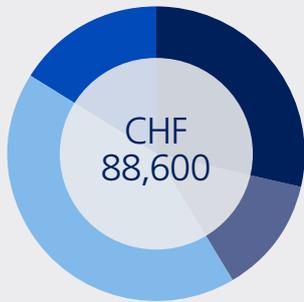
Zurich employees in Venezuela usually focus their Global Community Week efforts on young people, and 2016 was no exception. Teams went into local schools to lead a variety of activities, and also went to local hospitals to visit sick children, bringing some joy into their lives and giving them gifts. Employees also gave desperately needed support to hospitals: economic turmoil has left Venezuela short of medical supplies, including sterilized needles, so the team was proud to contribute when a rare opportunity arose to help by giving blood.

Local program review (continued)

Asia Pacific



Breakdown of ZZF matching by cause



● Disaster	CHF 25,500	28.78%
● Health	CHF 11,250	12.70%
● Youth	CHF 37,700	42.55%
● Other	CHF 14,150	15.97%

9 (100%)

Businesses actively engaged

13,047

Volunteer hours

CHF 245,000

Annual value of local grants

CHF 68,550

Employee fundraising

CHF 88,600

Foundation matching

18.04%

Participation rate

Summary of local grants in Asia Pacific

Zurich Malaysia with World Vision

Children's health

Raising awareness about good nutrition, health and strengthening community bonds through youth football (soccer).

CHF 963,620

Four-year term 2015-2019



Zurich Malaysia

Malaysia has the highest rate of obesity of all nations in Asia. The Z Zurich Foundation's grant funds a four-year partnership with One Goal Malaysia (an affiliation of Football Association Malaysia, Asian Football Confederation and World Vision Malaysia) to support our 'Eat Right To Play Right' (ERTPR) program. Millions of children in Malaysia lack a balanced diet and don't get sufficient exercise, which can impair health for a lifetime.

The ERTPR program was introduced in December 2015, using Malaysia's favorite sport, football (soccer), as a springboard to get children and their parents interested in proper nutrition. The program also helps to instill self-discipline and promote a healthy lifestyle. Zurich's participation in the ERTPR includes employees and agents volunteering as community football coaches, and supporting better nutrition through special workshops.

With an extensive network of branches across Malaysia, the potential impact is huge. Special efforts are made to ensure activities are attractive to children, and include both boys and girls. Offering regular health checks allows Zurich to monitor health benefits to participating children. As an insurer, Zurich also supports our community coaches, providing them with free personal liability cover policies as appropriate.

In April 2017, the ERTPR program helped Zurich Malaysia to win a Frost & Sullivan Best Practices Award. But the biggest winners may be the Malaysians who are benefiting from a program to encourage a better and healthier lifestyle.

Yee Shiao Fong

Head of Brand Marketing and Communications, Zurich Malaysia, Eat Right To Play Right Program Lead

Zurich in the community

Focusing on youth empowerment in New Zealand

Zurich New Zealand continues to lend its support to programs helping young people. Employees raised a record amount of funds for child poverty charity 'Variety New Zealand.' They also supported an organization that helps children with special needs, and their families, the Special Children's Christmas Parties.

Employees provided Christmas gifts and organized a day out for some of the island's most disadvantaged young people. In New Zealand, employees have the opportunity to take a day's paid leave to volunteer.



Virtually all employees took their 'Volunteer' days; many, like those pictured here, went to local schools to help with improvements and refurbishments.



Zurich in the community

Helping the most vulnerable in society in Hong Kong

The Hong Kong volunteer club continued to engage employees with a wide variety of activities to help the most vulnerable in society. This included:

- workshops to train employees to fix broken wheelchairs;
- teaching English to refugees and migrants in Hong Kong;
- preparing meals for those facing poverty in collaboration with Food Angel, an organic farming project that donates all fresh produce to local people in need.

Employees also ran a program to motivate volunteers to even greater contributions. Employees earned points for each hour volunteered in a Zurich-organized activity. A prize of HKD 10,000 was awarded to a charity nominated by the person who accumulated the most points by year end.

Local program review (continued)

Zurich in the community
Supporting local schools in China

Youth empowerment is also the focus for Zurich China, which continued its support for schools, donating computer equipment, books, musical instruments and stationery. The Z Zurich Foundation provided over CHF 20,000 of matching funds to the Shanghai Charitable Foundation, where we have created a special 'Zurich' fund that will support local education projects for many years to come. As at the end of the year, the fund totaled nearly RMB 500,000.



Zurich in the community
Devising new approaches to corporate responsibility in Australia

Zurich Australia gave participants in their 'high talent' program the task of devising a new approach to corporate responsibility. After preparation in 2015, in 2016, they launched a new community investment strategy with a particular focus on mental health.

Toward the end of 2016, Zurich Australia announced a new youth mentoring partnership with the Raise Foundation. Employees were keen to support the partnership. Besides many signing up as volunteer mentors, employees also donated over CHF 13,000 of Z Zurich Foundation matching funds to Raise.

“One in three young people in Australia lack adequate work opportunities.”

Raise Foundation



A new youth mentoring program is bringing employees together with young people, helping kids to overcome challenges and look to the future.

Governance

Z Zurich Foundation is a private foundation established by Zurich Insurance Company Ltd and Zurich Life Insurance Company Ltd, in accordance with Swiss law, with registered office in Zurich.

The Foundation is committed to transparency and continuous improvement in the effective use of Foundation funds. It is an active member of SwissFoundations, the association for grant-making foundations in Switzerland and the first organization in Europe to publish generally applicable governance guidelines on modern and professional foundation management, promoting transparency, professionalism, and the effective use of charitable means.

The Foundation is governed by a Board of Trustees, whose members are elected by the Board of Directors of Zurich Insurance Company Ltd for a term of office of three years. To more effectively involve the members of the Board of Trustees in the implementation and oversight of the activities of the Foundation, the Board of Trustees implemented three standing Subgroups – Governance (G), Local Programs (LP), and Global Resilience Program (GRP), which meet at least twice a year each.

The Board is supported by a small team leading the day-to-day management of the Foundation and implementation of its programs. The Foundation furthermore continues to benefit from the time and expertise of Zurich offices relevant to the

delivery of its programs, and the services provided by Zurich employees in areas such as accounting, investment management, communications and legal.

Clear, comprehensive guidelines define the responsibilities of the Chair, the Board of Trustees, the Subgroups and the Foundation management, as well as the necessary signing authority levels. A formal succession planning framework seeks to ensure the continuous enhancement of the composition of the Board to capture the key skills required to achieve the strategic objectives of the Foundation and at the same time safeguard a balanced and diverse Board.

As of December 2016, the Board of Trustees and the management of the Foundation were comprised of the following persons:

Board of Trustees 2016

	Function	Subgroup	Term of office
Kathleen Savio, in Deer Park U.S.	Chair		2014-2017
<i>(Valerie Butt, in Chicago U.S.)</i>	<i>Member</i>	<i>GRP (chair)</i>	<i>2015-12.2016)</i>
<i>(Paula Choi, in Hong Kong HK)</i>	<i>Member</i>	<i>LP</i>	<i>2015-10.2016)</i>
Claudia Dill, in São Paulo BR	Member	LP	2016-2019
Michael Foley, in Illinois U.S.	Member		2016-2019
<i>(Santiago Gallo, in Buenos Aires RA)</i>	<i>Member</i>	<i>LP</i>	<i>2014-12.2016)</i>
<i>(Claudio Gienal, in Wollerau CH)</i>	<i>Member</i>	<i>LP</i>	<i>2015-12.2016)</i>
Chris Gillies, in Wheatley Oxon UK	Member	LP (chair), GRP	2013-2016
Mario Greco, in Küsnacht CH	Member		2016-2019
<i>(Andreas Hildenbrand, in Stans CH)</i>	<i>Member</i>	<i>GRP</i>	<i>2014-10.2016)</i>
Jack Howell, in Hong Kong HK	Member	LP	2016-2019
<i>(Sean Kevelighan, in Zurich CH)</i>	<i>Member</i>	<i>G</i>	<i>2015-08.2016)</i>
Gary Shaughnessy, in Zurich CH	Member		2016-2019
<i>(Stuart Spencer, in Hong Kong HK)</i>	<i>Member</i>	<i>GRP</i>	<i>2015-10.2016)</i>
<i>(Isabelle Welton, in Zug CH)</i>	<i>Member</i>	<i>G</i>	<i>2014-12.2016)</i>

Management 2016

David Nash, in Winterthur CH	Manager
Mark Heasman, in Zurich CH	Program Manager

Financial statements

Balance sheet as of December 31, 2016 and 2015

	2016	2015
	CHF	CHF
Assets		
Investment assets		
Liquid assets	1,149,690	21,922,197
Accounts receivable	293,306	393,633
Investment funds bonds domestic	14,620,486	14,045,996
Investment funds shares domestic	37,223,513	35,638,996
Investment funds money market	22,305,308	20,948,676
Total investment assets	75,592,303	92,949,497
Total assets	75,592,303	92,949,497
	31.12.2016	31.12.2015
	CHF	CHF
Liabilities		
Payables		
Total deferred charges and prepaid expenses	75,617	2,598,000
Foundation capital, uncommitted funds		
Foundation capital	90,351,497	80,116,407
Retained earnings – current year profit/loss	(14,834,812)	10,235,090
Total Foundation capital, uncommitted funds	75,516,686	90,351,497
Total liabilities	75,592,303	92,949,497

All amounts in the financial statements are shown in CHF, rounded to the nearest CHF 1, meaning that the rounded amounts may not add to the rounded total in all cases.

Income statement 2016 and 2015

	2016	2015
	CHF	CHF
Revenue		
Contribution of Zurich Life Insurance Company Ltd	0	20,864,284
Total net result investment funds share domestic	802,110	291,082
Total net result investment funds bonds domestic	206,618	225,666
Total net result investment funds money mark CH	(199,783)	(103,325)
Total revenues	808,945	21,277,707
Expenses		
Foundation activity		
Research, science and education	15,000	15,000
Development aid	0	244,859
Miscellaneous grants	861,027	835,086
Total donations	876,027	1,094,945
Concern Worldwide	165,000	325,000
ETH Foundation Zurich	0	1,000,000
Infinite Earth	271,923	0
International Federation of Red Cross and Red Crescent Societies	2,168,173	2,307,338
International Institute for Applied Systems Analysis (IIASA)	288,265	389,800
KPMG East Africa Limited for the Global Resilience Partnership	6,973,328	497,376
Mercy Corps Europe	150,000	300,000
National Academy of Sciences	150,000	300,000
Plan International Schweiz	78,000	164,000
Practical Action	1,366,255	1,705,000
South Pole Suisse AG	525,195	629,553
Wharton School of the University of Pennsylvania	92,959	390,280
Total global non-profit alliances	12,247,097	8,008,347
Action on Alzheimer's & Dementia	54,574	53,919
Education for Employment Maroc	49,228	49,290
Irish Rugby Union Players Association	185,056	170,365
Junior Achievement Spain	80,407	101,489
Mentor Foundation	81,119	102,434
St. Bernard Project	1,041,606	966,147
World Vision Malaysia	245,000	253,193
Construyendo Comunidades Integrales A.C.	33,904	0
The Mustard Seed Foundation/RESOLVE	193,803	0
Total local non-profit alliances	1,964,697	1,696,837
Administration costs	555,935	242,488
Bank charges and safekeeping charges	23,379	8,267
Other administration costs	522,219	225,747
Costs for the auditors	10,338	7,474
Costs for the regulators	0	1,000
Total expenses	15,643,757	11,042,617
Annual result	(14,834,812)	10,235,090

Annex

Foundation assets

The founding companies endowed initial total assets of CHF 29,000,000 to the Foundation, payable from 2008 to 2012. In 2011, Zurich Insurance Group Ltd on behalf of Zurich Insurance Group endowed additional assets of USD 100,000,000 to the Foundation, whereof USD 20,000,000 were paid as per December 31, 2011. The remaining amount of USD 80,000,000 plus market interest was transferred in equal instalments by December 31 each year, over a period of four years, for the last time in 2015.

Commitments

Z Zurich Foundation assumed the following commitments to cooperating organizations (pursuant to Memoranda and Letters of Understanding, in alphabetical order):

Action on Alzheimer's & Dementia

Hamilton, Bermuda
Three-year term from 2015 to 2018
BMD 162,290

Concern Worldwide

Dublin, Ireland
Two-year term from 2015 to 2017
CHF 655,000

Education for Employment Maroc

Casablanca, Morocco
Three-year term from 2015 to 2018
USD 150,000

ETH Zürich Foundation

Zurich, Switzerland
Three-year term from 2013 to 2016
(Tacit renewal of the initial commitment from 2010 to 2013 for a second, final term)
CHF 3,000,000

Fundacion Junior Achievement Espana

Madrid, Spain
Three-year term from 2015 to 2018
EUR 275,000

Global Resilience Partnership

New York, U.S.
(Implementing partner: KPMG East Africa Ltd.)
Three-year term from 2015 to 2018
USD 10,000,000

Infinite Earth

Three-year term from 2016 to 2018
USD 528,000

International Federation of Red Cross and Red Crescent Societies (IFRC)

Geneva, Switzerland
Five-year term from 2013 to 2018
up to CHF 21,000,000

International Institute for Applied Systems Analysis (IIASA)

Laxenburg, Austria
Four-year term from 2013 to 2016
USD 1,600,000

Irish Rugby Union Players Association (IRUPA), Dublin, Ireland

Three-year term from 2015 to 2018
EUR 1,024,930

Mentor Stiftung Deutschland,

Mainau, Germany
Three-year term from 2016 to 2018
(First payment in 2016)
EUR 202,150

Mentor Foundation

Stockholm, Sweden
Three-year term from 2014 to 2016
SEK 2,700,000
Extension from 2017 to 2021
SEK 6,750,000

Mercy Corps Europe

Edinburgh, Scotland
Two-year term from 2015 to 2017
CHF 600,000

National Academy of Sciences

Washington D.C., U.S.
Two-year term from 2015 to 2017
CHF 600,000

Plan International Schweiz

Zurich, Switzerland
Two-year term from 2015 to 2017
CHF 320,000

Practical Action Ltd.

Rugby, Warwickshire, United Kingdom
Five-year term from 2013 to 2018
up to CHF 9,000,000

South pole group

Zurich, Switzerland
Two-year term from 2014 to 2016 (approx)
(The exact annual commitment is dependent on the actual number of carbon credits to be delivered)
USD 1,700,000

St. Bernard Project

Chalmette, Louisiana, U.S.
Three-year term from 2014 to 2016
USD 2,795,610

The Wharton School at the University of Pennsylvania

Philadelphia, U.S.
Four-year term from 2013 to 2016
USD 1,600,000

World Vision Malaysia Berhad

Selangor, Malaysia
Four-year term from 2015 to 2019
RM 4,000,000

The Mustard Seed Foundation/RESOLVE

Three-year term from 2016 to 2019
CAD 1,000,000

Accounting and valuation rules

The accounting rules are according to the Swiss Code of Obligations (OR). The following valuation rules apply:

- Securities: balancing in market value at balance sheet date
- Other assets and liabilities: balancing at nominal amount

Risk assessment process

The Z Zurich Foundation is integrated in the group-wide risk assessment process of Zurich Insurance Group Ltd. This group-wide risk process considers the nature and extent of the business activities, as well as the specific risks of the Z Zurich Foundation. We refer to the reporting on the risk assessment in the consolidated financial statements 2016 of Zurich Insurance Group Ltd.

Comments on the balance sheet and income statement

Balance sheet

Assets

Total investment assets

The funding commitment to the Z Zurich Foundation from Zurich Insurance Group Ltd was fulfilled in previous years and there were no further payments in 2016. All of the Z Zurich Foundation's project commitments were therefore met from existing assets, which were invested in accordance with the investment guideline of the Z Zurich Foundation.

Liabilities

Total deferred charges and prepaid expense

Audit fees in the amount of CHF 8,500, public charges for the reporting period 2016 in the amount of CHF 1,000, print costs for the annual report 2016 in the amount of CHF 4,000, consulting services for IBM Switzerland in the amount of CHF 9,309 and the reimbursement to Zurich Insurance Company for the reporting period first quarter 2016 in the amount of CHF 52,808 were recorded as accruals for December, 2016. The resulting impact of releasing high prior year accruals is that the public charges figure is shown as 'nil' this year.

Income statement

Expenses

Research, science and education

This entry encompasses the Zurich Dissertation Prize which rewards dissertations of outstanding scientific quality written by students at the Department of Management, Technology and Economics at the ETH Zurich related to the topic of risk.

Miscellaneous grants

This entry encompasses in particular matching employee contributions in the context of Zurich's fourth Global Community Week – a global initiative intended to increase and enhance Zurich's community involvement and impact; as well as support to the flood resilience secondment program, which allows the Foundation to harness the expertise of Zurich employees for the benefit of its alliance members, thus enhancing the impact of the flood resilience program beyond its financial contribution.

Administration costs

The administrative costs of the Foundation increased to CHF 555,935 and represent 3.6 percent of total expenses in the amount of CHF 15,643,757, compared with 2.2 percent the previous year. The increase in costs is mainly due to the Foundation Board having decided to recruit a full time Foundation Manager, to account for the significantly increased activities of the Foundation. For reasons of accountability and long-term planning the Foundation Board decided that the Foundation will assume all costs associated with this position.

All other personnel costs including costs for services provided by Zurich Insurance Company Ltd for the Foundation (e.g. implementation of the flood resilience program, accounting, investment management, communication etc.) continue to be covered by Zurich.

Report of the statutory auditors

On the limited statutory examination to the Board of Trustees of Z Zurich Foundation

As statutory auditors, we have examined the financial statements of Z Zurich Foundation, which comprise the balance sheet, income statement and notes (pages 21-25) for the year ended December 31, 2016.

These financial statements are the responsibility of the Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination.

This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of foundation personnel and analytical procedures as well as detailed tests of foundation documents as considered appropriate in the circumstances.

However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the Foundation's deed.

PricewaterhouseCoopers AG

Matthias Sutter **Felix Steiger**

Audit expert

Audit expert

Auditor in charge

Zurich, June 8, 2017

Disclaimer and cautionary statement

This publication has been prepared by Z Zurich Foundation and the opinions expressed therein are those of Z Zurich Foundation as of the date of writing and are subject to change without notice.

This publication has been produced solely for informational purposes. The analysis contained and opinions expressed herein are based on numerous assumptions.

Different assumptions could result in materially different conclusions. All information contained in this publication have been compiled and obtained from sources believed to be reliable and credible but no representation or warranty, express or implied, is made by Z Zurich Foundation as to their accuracy or completeness.

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