Zurich Insurance Group - Climate Change 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Zurich is a leading multi-line insurer that serves its customers in global and local markets. With about 54,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.

At Zurich, being a responsible and sustainable company is at the foundation of our business. We help our customers & communities become more resilient to natural disasters & extreme weather; we make a difference through our responsible investment approach; and we are swiftly reducing our own carbon footprint. We are working closely with communities and policy-makers to place more emphasis on risk reduction, preparedness and resilience rather than purely focusing on recovery and rebuilding. We are also sharing with our customers the best practices and other risk-related insights developed during our 140-year history.

Using our core insurance skills to respond to some of the most significant long-term societal and environmental trends, we identified climate change as perhaps the most complex risk facing society today. It is inter-generational, it is international and it is interdependent. Representing the consensus of the international scientific community, the Intergovernmental Panel on Climate Change (IPCC) finds strong evidence that climate change is occurring, that it is influenced by human action, and that it is leading to changes in extreme weather and climate events. Our own analysis suggests that the likelihood of missing the Paris Agreement's target of limiting global warming to 2ºC or below is higher than achieving it. That is why we are taking further actions to facilitate – if not accelerate – the generational shift to a low-carbon economy.

We will:

1. Work with clients as well as public and private partners to enhance resilience and advocate solutions to prevent, or minimize, damage and harm from weather and climate-related perils for our customers and communities.

2. Develop insurance and risk management solutions for the new technologies, business models and approaches that will be required to achieve this unprecedented transition to a low-carbon economy.

3. Integrate assessments of both physical and transition risks into our investment strategies and contribute to avoiding 5 million tons of CO_2 emissions annually through our dedicated impact investments.

4. Minimize the environmental impact of our own operations.

5. Disengage and divest from those whose activities are predominantly focused on thermal coal, oil sands and oil shale if these companies have no plan to realign their business over time towards a low-carbon future.

6. Play an active role in developing science-based targets for investment and liability portfolios.

7. Publicly advocate for policies that encourage the private sector to fully leverage capabilities and resources in support of the transition to a global low-carbon economy, including:

- A global price on carbon, established at a level sufficiently high over time to incentivize action aligned with below-2ºC warming.
- A clear roadmap for the progressive phasing out of fossil fuel subsidies.
- Credible policy roadmaps for internationally integrated energy policies, systems, markets and electricity grids capable of handling large scale use of renewable energies.
- Policies in support of both public and private research and development of critical technologies such as energy storage, electric

mobility, renewable power and carbon capture and storage (CCS).

- Integrating key aspects of climate change, alongside other environmental, social and governance issues, in public and private education and curricula.
- Enhanced transparency by mandating better disclosure of climate risks, alongside other environmental, social and governance issues.

8. Adopt the recommendations of the Financial Stability Board's Task force on Climate Change-related Financial Disclosure (FSB-TCFD) and report on progress made in implementing the above commitments.

We will continue working with customers to better manage climate risks; providing coverage for new technologies and infrastructure; investing in companies & assets that support the transition to a low-carbon economy; and – if and when possible – putting a price on climate risks when making investment or underwriting decisions.

In June 2019, Zurich announced that it is accelerating actions to progress towards a low-carbon economy amid an increasing climate crisis. As the first insurance company, Zurich commits to set targets in the framework of the UN Global Compact Business Ambition Pledge that aims at limiting global temperature rise to 1.5°C above pre-industrial levels. Zurich will also expand its existing thermal coal policy aimed at reducing the use of carbon intense fossil fuels.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	Yes	3 years

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Argentina
Australia
Austria
Bahrain
Belgium
Bermuda
Bolivia (Plurinational State of)
Brazil
Canada
Chile
China
China, Hong Kong Special Administrative Region
Colombia
Cyprus
Denmark
Finland
France
Germany
Indonesia
Ireland
Isle of Man
Italy
Japan
Luxembourg
Malaysia
Malta
Mexico
Netherlands
New Zealand
Norway
Poland
Portugal
Qatar
Russian Federation
Singapore
Slovakia
Slovenia
Spain
Sweden
Switzerland
Turkey
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Venezuela (Bolivarian Republic of)

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The ultimate responsibility for climate risks resides with the Board. The Board has the following standing committees, which regularly report to the Board and submit proposals for resolutions to the Board: • The Governance Nominations and Sustainability Committee (GNSC), chaired by the Chairman of the Board of Directors, supports the Board with regard to sustainability, which includes climate risk. • The Risk and Investment Committee, chaired by a member of the Board, supports the Board with the risk relevant aspects and with the responsible investment policy. • The Remuneration Committee, chaired by a member of the Board, ensures the remuneration architecture supports the management targets. • The Audit Committee, chaired by a member of the Board, reviews the reporting on sustainability and climate risk and accumulation with the Risk and Investment Committee.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The ultimate responsibility for climate risks resides with the Board. The Board has standing committees, which regularly report to the Board and submit proposals for resolutions to the Board. The Governance, Nominations and Sustainability Committee (GNSC), chaired by the Chairman of the Board, supports the Board in fulfilling its duty to establish best practices in corporate governance across the Group, to establish and maintain a process for appointing new Board and Executive Committee members and to oversee the Group's approach and conduct with regard to sustainability. The GNSC reviews and approves the Group's sustainability strategy and objectives, oversees the Group's approach and conduct with regard to sustainability and reviews and proposes to the Board for approval targets on ESG matters which have a material impact on business strategy, underwriting or business performance. Zurich's materiality analysis identified climate change as one of three core issues for the company to focus on as part of our sustainability ambition. Our commitment to climate action is part of our sustainability objectives and strategy. By reviewing and approving our objectives and strategy, the GNSC also asks for progress updates against our targets on a quarterly basis. They receive quarterly updates on strategy implementation, reporting and progress against targets including the climate-related issues. This includes activities within operations such as emissions targets, investments and underwriting. The Risk and Investment Committee, chaired by a member of the Board, oversees Zurich's overall risk management framework and, over the course of 2017 and 2018, has repeatedly discussed the management of climate risk. In general, the Risk and Investment Committee oversees the Group's risk management, in particular the Group's risk tolerance, including agreed limits that the Board regards as acceptable for Zurich to bear, the aggregation of agreed limits across the Group, the measurement of adherence to agreed risk limits and the Group's risk tolerance in relation to anticipated capital levels and oversees the investment process. The Remuneration Committee, chaired by a member of the Board, regularly evaluates the Group's remuneration architecture and Zurich's remuneration rules and proposes amendments to the Board, which is responsible for the design, implementation and monitoring of the Group's remuneration framework. The Audit Committee, chaired by a member of the Board, serves as a focal point for communication and oversight regarding financial accounting and reporting, internal control, actuarial practice, and financial and regulatory compliance.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Annually
Other C-Suite Officer, please specify (Chief Investment Officer)	Both assessing and managing climate-related risks and opportunities	Quarterly
Chief Risks Officer (CRO)	Both assessing and managing climate-related risks and opportunities	Half-yearly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	Half-yearly
Risk manager	Both assessing and managing climate-related risks and opportunities	As important matters arise
Environmental, Health, and Safety manager	Both assessing and managing climate-related risks and opportunities	As important matters arise
Other, please specify (Head of Macroeconomics)	Both assessing and managing climate-related risks and opportunities	Annually
Other, please specify (Group Head of Responsible Investment)	Both assessing and managing climate-related risks and opportunities	As important matters arise
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Other committee, please specify (Sustainability Leaders Council)	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

While climate change is not singled out as a separate item in Zurich's Organizational Rules, clear roles and responsibilities, both at the level of the Zurich Board of Directors and Zurich management, ensure effective oversight and action with respect to climate change-related risks. Relevant key accountabilities of Executive Management include:
- The Group Chief Risk Officer (CRO) is responsible for the Group's sustainability framework with responsibility for overseeing its implementation and integrating sustainability risk into the overall risk management framework. Climate change is a central pillar of the Group's sustainability framework. The Group CRO sponsors an annual Climate Risk assessment during which climate related risks are assessed and appropriate mitigating actions defined. The Group CRO is also responsible for Zurich's annual Task force on Climate Change-related Financial Disclosure (TCFD) disclosure.
- The Group Chief Investment Officer is responsible for execution of Zurich's responsible investment approach and climate change investment strategy. The Chief Market Strategist and Head of Macroeconomics annually assesses high-level climate change scenario narratives.
- The Commercial Insurance and Country Chief Underwriting Officers are responsible for reviewing relevant external trends and drive Zurich's underwriting strategy for Commercial and Retail business. Zurich uses internal and external information from sources such as the Advisory Council for Catastrophes and Zurich's Current Risk Group, an internal body tasked to identify risks and trends with near term potential impacts on Zurich underwriting results, to evaluate climate risk impacts. In addition, the Governance, Nominations and Sustainability Committee (GNSC), a standing committee of the Board, oversees the Group's approach and conduct with regard to sustainability, reviewing and approving the Group's sustainability strategy and objectives. A critical part of developing our sustainability strategy is to identify and prioritize issues of material importance to the company and its stakeholders. In 2018, Zurich launched an evidence-based data-driven materiality assessment leveraging our internal risk expertise, deep engagement with stakeholders, and insights generated from state-of-the-art big data tools to identify and prioritize our most material ESG issues. Our approach is based on international best practice standards including leading sustainability indices and the Global Reporting Initiative (GRI) G4 guidelines. The sustainability strategy includes emissions reductions and energy consumption targets.

The Zurich Executive Committee (ExCo) recommends to the Board Zurich's approach to sustainability and ensures its inclusion in the Group strategy. The ExCo is accountable for the execution of Zurich's sustainability approach. To ensure the integration of sustainability across our value chain and make sustainability part of how we do business, accountability for delivery of each key area of Zurich's sustainability approach is assigned to the relevant ExCo member.

The Sustainability Leaders Council ensures that Zurich's approach to sustainability is effectively integrated in the way we do business and enables Zurich to live up to its code of conduct and purpose and values and the UN Global Compact. The Council comprises senior executives from across the business and is chaired by Group Head of Public Affairs and Sustainability. The Council has the following responsibilities:
- Formulate and formalize the integration of sustainability across functions and functions including target setting and tracking
- Lead the ongoing implementation of that ambition by providing management support, time and sufficient resources
- Ensure that sustainability principles are adequately reflected in ongoing and future change projects or initiatives
- Advocate and communicate about Zurich's sustainability ambition
- The Chair of the Sustainability Leaders Council reports at least twice a year to the ExCo and GNSC on progress and new developments.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?
Chief Executive Officer (CEO)

Types of incentives
Monetary reward

Activity incentivized
Other, please specify (The Group Chief Executive Officer targets have determined our actions and targets on climate change, in order to deliver on Zurich's long-term sustainability ambition.)

Comment

Who is entitled to benefit from these incentives?
Chief Risk Officer (CRO)

Types of incentives
Monetary reward

Activity incentivized
Other, please specify (The Group Chief Risk Officer targets have determined our actions and targets on climate change, in order to deliver on Zurich's long-term sustainability ambition.)

Comment

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Behavior change related indicator

Comment
The Group Head of Sustainability has a specific objective around driving our climate strategy and narrative.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
The Group Head of Environmental Performance has objectives to manage environmental performance reporting, Zurich's carbon neutrality strategy, the sustainable buildings program and other initiatives to influence Zurich's environmental footprint. These activities help drive reductions in Zurich's carbon emissions. This role also supports sustainable operations risk management which considers the impact of Zurich's operations on climate change.

Who is entitled to benefit from these incentives?
Risk manager

Types of incentives
Monetary reward

Activity incentivized
Behavior change related indicator

Comment
Climate change-related objectives include establishing the broader sustainability framework delivery, represent Zurich on externally-facing, industry associations and groups related to sustainability topics and to communicate Zurich's position on various sustainability issues to customers.

Who is entitled to benefit from these incentives?
Public affairs manager

Types of incentives
Monetary reward

Activity incentivized
Behavior change related indicator

Comment
The Group Head of Public Affairs and Sustainability has climate change-related objectives which include: finalizing the new Group sustainability framework; achieving high all-employee awareness levels; involving the Group's Executive Committee in key sustainability initiatives; and engaging new high-impact partners for sustainability initiatives.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	This is aligned with strategic planning horizon.
Medium-term	3	5	While Zurich formulates its business strategy for three-year cycles, longer time horizons are reflected in the formulation of the strategy.
Long-term	5		For the purpose of defining scenario narratives related to climate change we mostly apply a 10 year time horizon, however for some long-term risks such as real-estate investments and Life assurance risks longer time horizons are considered.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.
Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	The risk review describes the Group's risk management framework & risk governance, reports on capital management and capital adequacy, and presents an analysis of its main risks. Zurich is affected by natural catastrophes. The Group models exposures in a center of excellence, which works with local businesses to help improve the overall quality of data to have a consistent approach and to form a global perspective on accumulations. The risk modelling principally addresses climate-induced perils such as windstorms, river floods, tornadoes and hailstorms and geologically induced perils such as earthquakes. Ultimately, Zurich's approach to managing climate risk is embedded within its multi-disciplinary Group-wide risk management processes. Zurich conducts a climate risk assessment annually using Zurich's proprietary Total Risk Profiling (TRP) methodology to identify relevant risks and mitigating actions. Progress on identified actions is reported on a quarterly basis to senior management.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Zurich uses the TCFD framework to support our understanding of climate change-related risks and opportunities linked to physical and transition risks, using scenarios to explore different possible futures & options to respond. We have devised a framework built around two scenarios: one based on the failure to act on climate change, with rising 'physical risk', the other assumes that effective measures are taken to reduce carbon emissions, but this carries a number of 'transition risks'. The two scenarios are not mutually exclusive as transition risks and physical risks coexist, but Zurich's initial assessment shows that a physical risk pathway currently is significantly more likely than a transition pathway. Overall the Group considers its near-term (less than five years) climate change-related risks to be manageable and foreseeable, whereas long-term (more than 10-15 years) risks to be elevated and highly uncertain. Progress in 12 critical areas is monitored and assessed with the help of a scorecard to gauge the likelihood of two representative scenarios. Scorecard assessment and narratives are updated annually and serve as the basis for the internal climate risk assessment conducted using the Total Risk Profiling™ (TRP) risk assessment methodology. This annual Group-wide assessment is conducted under the sponsorship of the Group Chief Risk Officer. Our proprietary Total Risk Profiling™ (TRP) process allows Zurich to identify and evaluate the frequency and severity of a risk scenario and to implement and monitor appropriate mitigating actions. Identified scenarios with an estimated inherent impact of more than USD 500m and a probability above 18 percent, or less likely scenarios with an estimated inherent impact above USD 1bn are considered substantive in the context of this scenario. Additionally, sustainability risks, including climate change, can have a substantive impact on the reputation of a company. Reputational impact is however difficult to quantify and we use a qualitative measure for reputational risks.

In addition, Zurich uses its Sustainability Risk framework, which is aligned with our purpose and values of 'standing up for what's right', to proactively and systematically identify and assess sustainability risk issues including from climate change. Zurich's Sustainability Risk team monitors ongoing developments around physical and transition climate risks, in close collaboration with the Public Affairs team, to maintain visibility of regulatory developments, and with Zurich's cross functional Current Risk Group (CRG) and Emerging Risk Group (ERG) which also maintain an ongoing focus on climate related risks. Relevant climate risks are assessed in detail by the Sustainability Risk team and developed into sustainability risk positions for our insurance and investment businesses where appropriate.

The ERG is tasked with identifying risks and trends with both near and long-term potential impacts on Zurich's business and operations and ensures business owners are provided with knowledge across the range of emerging risks within the identified time horizon. Emerging risk threats and opportunities are identified, prioritized, researched, and monitored. To provide a holistic view of these emerging risks, the ERG maintains and monitors an Emerging Risk Radar, mapping risk according to the respective time horizon and potential impact. More immediate threats are evaluated by the CRG, which is tasked with identifying newly emerged or emerging underwriting risks, which have a current or very near-term potential and may unexpectedly impact the performance of the Group's underwriting result not already considered in plan. Zurich also relies on 3rd party models and external expert knowledge to aid in the identification and assessment of developing risks. One such source of external knowledge is the Advisory Council for Catastrophes that provides insights into the patterns of occurrence, predictability and destructiveness of catastrophes and gives feedback about Zurich's approach to such catastrophes to help improve the effectiveness of its underwriting and reinsurance purchasing.

Investment risks: Zurich analyzed physical and transition risks for selected parts of its investment portfolio. While Zurich is exposed to both near-term transition and long-term physical risk, initial analysis suggests that very significant impairments would be required for the Zurich portfolio to be materially impacted. The Group does not consider such impairments currently likely, and exposure is expected to be further mitigated with ongoing implementation of Zurich's responsible investment and climate change investment strategies, which focus on a whole bandwidth of measures from scenario planning, ESG integration and impact investing to engaging with both companies and policy makers and implementing selective exclusion screens (e.g. coal).

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Laws and regulations on both national and international level can have an influence on both our own operations and change liability exposure or operating costs of our customers and investee companies. Our Regulatory Affairs team monitors and regularly reports on relevant regulatory developments, with those reports serving as input to our risk assessments. There are already a number of existing regulations such as the UK Climate Change Act or legislation passed as part of Germany's "Energiewende". Their substance and implementation impact the transition path and transition risk for the respective countries.

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	Laws and regulations on both national and international level can have an influence on both our own operations and change liability exposure or operating costs of our customers and investee companies. Our Regulatory Affairs team monitors and regularly reports on relevant regulatory developments, with those reports serving as input to our risk assessments. A number of national legislators and international bodies are currently working on updating existing or creating new climate change and sustainability related regulations that have a potential to impact Zurich's own operations, e.g. in the area of disclosure and compliance. Proactive approach with engaging regulators to understand impacts and support decision making. An example is the current development of the EU framework for sustainable finance that is expected to have a strong focus on climate change and supporting the transition to a low-carbon economy.
Technology	Relevant, always included	Technology is an important driver of climate change, but is also required to achieve the transition to a low carbon economy. As part of our climate change scenario planning our transition scenario score card tracks technological developments such as energy supply, energy integration and storage and electric vehicles. Some risks, such as from lithium batteries in electric vehicles, are already well understood. However, as climate change mitigation becomes more pressing, technologies with unforeseeable consequences such as geoengineering might increasingly be considered as solutions. Such technological risks are closely monitored by the Sustainability Risk team in collaboration with the Emerging Risk Group and the Current Risk Group to identify relevant risks.
Legal	Relevant, always included	As part of some types of insurance policies we may assume part of the legal risks of our customers, such as legal defence costs. Managing legal risks is therefore an integral part of our insurance business and our own operations. Global and local teams provide on-going monitoring of legal trends to enable mitigation as required. Although not considered material in the near term, the increasing frequency of climate-related legal action suggests climate-related litigation represents a potential risk in the long term. As impacts of climate change on companies' performance becomes more obvious over time, we may see an increase of shareholder actions against their executives, for failing to adequately manage the risk of climate change on their business and to disclose these risks to investors. While we have not yet been impacted by such suits, this could trigger claims under our Directors & Officers policies.
Market	Relevant, always included	Market risk is the risk associated with the Group's balance sheet positions where the value or cash flow depends on financial markets. Zurich is exposed to market risk both on the investment and insurance side. In the context of climate change, asset corrections for carbon related assets as a result of an accelerated climate transition could become particularly relevant. Carbon intensive industries such as the energy sector, and particularly companies using coal as a highly emission intensive fuel, can be expected to be impacted the most. The coal sector's exposure to market risk was a contributing factor for our policy to reduce our relevant investment and insurance exposure. Longer term there is also a risk that physical impacts increase market risk across a number of asset classes (e.g. equities impacted by supply-chain interruptions, real estate affected by sea-level rise and natural catastrophes, sovereign or corporate bonds as losses from physical impacts rise and the capacity to withstand repeated shocks diminishes), though analysis suggests that very significant impairments would be required for the Zurich portfolio to be materially impacted. Our Sustainability Risk positions, such us our position to reduce our exposure to coal, and ESG integration in our investment portfolio address climate specific market risks.
Reputation	Relevant, always included	Reputation risk can arise from acts or omissions by the Group or any of its employees that could damage the Group's reputation or lead to a loss of trust among its stakeholders. For climate change we also identified and manage a risk resulting from a failure to deliver on publicly stated commitments. The Group aims to preserve its reputation by adhering to applicable laws and regulations, and by following the core values and principles of the Group's code of conduct, which promotes integrity and good business practice. Our Sustainability Risk Framework also allows us to assess and react to reputation risks we assume through our customers. For example, based on our assessment we do not insure companies deriving the majority of their revenue from thermal coal related business.
Acute physical	Relevant, always included	Under acute physical risks we understand extreme weather events for which frequency, severity or geographical distribution is expected to change as a result of climate change, such as tropical cyclones and extreme rainfall and associated flooding or heat-waves. Current climate models, such as the IPCC models we base our internal climate scenarios on, indicate that physical climate change risk begins to rise more materially beyond the next couple of decades. Regional variations will be large, however, and low-lying island and coastal areas are likely to see risk from sea-level change earlier on. Assessing and managing the impact of extreme weather events is part of our core business competency. Changes in frequency and severity of events caused by climate change however add to the challenges in accurately measuring expected impacts. Our assessment also considers the risk that physical impacts reduce the profitability of investments across all asset classes (e.g. equities, real estate, sovereign or corporate bonds), though analysis suggests that very significant impairments would be required for the Zurich portfolio to be materially impacted. Physical impacts to our people and operations are not deemed material at this time, given the strong local disaster and recovery planning in place for all facilities.
Chronic physical	Relevant, always included	Climate change is expected to also lead to chronic physical changes, such as rising sea-levels, change in droughts and indirect impacts on health and resources such as water availability and crop yield. While there is a large degree of uncertainty around the timing and impact of overall physical risk, some effects are less sensitive to modelling assumptions, notably the rising of sea levels. Due to their slow-moving and gradual nature, the chronic climate risks above are particularly relevant for long-term decisions, such as required for our real-estate portfolio that might be affected by sea-level rise for coastal property.
Upstream	Relevant, always included	Upstream risks are risks residing in our own supply chain. Due to the nature of our business we are predominantly a consumer of services and not products or raw materials. Compared with other industry sectors such as manufacturing, the risks associated with the environmental, social & governance impact of Zurich's supply chain are low. Nonetheless, we are committed to effectively managing such issues within our supply chain. Reputational impacts from using suppliers that do not share our values around minimizing climate change impacts is an example of the risks we consider. We aim to work with suppliers who share our values and we expect high standards of business conduct from those who represent us or do business with us. We are continually working to improve policies, processes and guidelines for managing sustainability issues in the supply chain. Zurich ensures that sustainability is an integral part of its sourcing & procurement function to ensure that we are able to uphold our commitment to sustainability through the products and services we purchase and contractual agreements we enter into. We incorporate appropriate evaluation criteria to assess the goods and services we buy, taking into account environmental, social & governance (ESG) factors in line with best value and in compliance with relevant legislation. We also ensure relevant sustainability clauses are included in contracts with suppliers, such as ethical conduct and labor, health & safety and environmental standards. In addition, we strive to develop an understanding of the ESG impact on the diversity of goods and services we buy, while implementing processes to ensure these factors are taken into account on an on-going basis. Reflecting our commitment to promoting supplier diversity, we engage a wide range of different suppliers, aimed at giving Zurich the possibility to source from the most suitable, agile and innovative companies. In 2018, Zurich in the UK launched its Supplier Accreditation Scheme which encourages sustainable business practices and sustainability in the supply chain. Internally, we analyze key data and insights to review & improve policies, processes and guidelines for managing sustainability issues in the supply chain. Our business continuity & disaster recovery plans also allow us to identify and react to disruptions to our supply chains irrespective of the trigger.

	Relevance & inclusion	Please explain
Downstream	Relevant, always included	We define downstream risks as risks we inherently take on as part of our insurance or investment activities, such as increased risk of property damage due to extreme weather events, which might impact us both through insurance liabilities and our investment assets. For the insurance industry the majority of physical and transition risks will impact Zurich via downstream risks. As a consequence we do not assess them as a separate risk type but include their analysis in all other risks types such as physical and legal risks.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The Group assesses risks systematically & from a strategic perspective through its proprietary Total Risk Profiling™(TRP) process, which allows Zurich to identify & evaluate the probability & severity of a risk scenario. The Group then develops, implements & monitors improvements. The TRP process is integral to how Zurich deals with change, & is particularly suited to evaluate strategic risks, including climate change. Changes in the intensity & frequency of severe weather events arising from climate change have the potential to impact Zurich's exposure to natural catastrophes through it property business. Responding to those risks requires both the strategic and qualitative responses that are facilitated by our TRP process as well as a quantitative understanding as part as our modelling work. Zurich uses third-party models to manage its underwriting & ensure accumulations stay within intended exposure limits. Risk modelling mainly addresses climate-induced perils such as windstorm, flood, tornado & hail.

The main concentrations of risks arising from such potential catastrophes are regularly reported to executive management. The most important climate related peril regions are U.S. and Caribbean tropical cyclone & Europe windstorm. Potential gaps are addressed as part of Zurich's model validation process and the 'Zurich View' approach that provides uplifts for impacts we consider under-represented in the standard models. The Zurich view also underpins profitability assessment & strategic capacity allocation & guides the type & quantity of reinsurance Zurich buys. Zurich's reinsurance purchases protect the company's balance sheet from large natural catastrophe impacts & support earnings volatility management. As catastrophe models are typically based on historical data and hence backward looking, the ability to account for potential future changes gives additional importance to the Zurich View when modelling climate risks. The development of the Zurich View leverages both internal & external expertise. One such source of external knowledge is the Advisory Council for Catastrophes that provides insights into the patterns of occurrence, predictability & destructiveness of catastrophes & gives feedback about Zurich's approach to such catastrophes.

Through Zurich's Sustainability Risk Framework risks including climate change, can be assessed and mitigated for both our insurance & investment business. Risks can be escalated to a referral desk & ultimately to the Group CEO. We are tracking & evaluating over 50 sustainability risk issues. For example, based on our assessment we do not insure or invest in companies deriving the majority of their revenue from thermal coal related business. Zurich has considerable expertise in providing insurance solutions for green assets & takes advantage of 'green' opportunities through products & services for electric vehicles, renewable energy, etc. However, not all types of 'green' assets represent, to date, profitable business opportunities. As an investor Zurich's established responsible investment & climate change investment strategies take into account both risks & opportunities, e.g. through allocations to impact investments, including green bonds, & through a comprehensive approach of ESG integration. We have a direct interest in sustainable global economic growth & supporting communities in becoming more resilient to environmental & social challenges. Impact investments can help address these issues through their targeted, positive impact, & also offer a financial return commensurate with risks. Zurich will consider impact investments that help increase energy efficiency, generate renewable energy or mitigate climate change and/or protect the environment in other ways. Through its commitment to the green bonds market, Zurich is seeking to capture opportunities across the universe of green, social & sustainable bonds. Impact objectives for green bonds:

• Helping communities to protect the environment & mitigate or adapt to climate change

• Supporting the development & spread of environmentally-friendly technologies

• Helping communities to become more resilient in the face of environmental challenges

While most green bonds are focused on either climate change mitigation or adaptation, Zurich will also consider investing in green bonds that provide financing to other projects that offer benefits to the environment, such as sustainable water use, waste management, biodiversity as well as social & sustainability bonds. As an example, Zurich invested in a transition opportunity via a green bond of a transitioning issuer. The issuer, a US-based energy producer, plans to retire from nine coal-fired generating units by 2024 while doubling the renewable generation by 2030. The green bond's use of proceeds were fully allocated to solar power projects. Climate change risk & opportunities are important factors in Zurich's proxy voting & engagement strategy.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased insurance claims liability arising from climate-related impacts

Company- specific description

Climate change is expected to change the severity and probability of extreme weather events such as tropical cyclones, extreme rainfall and associated flooding or heat-waves. Regional variations will be large, however, and low-lying island and coastal areas are likely to see risk from sea-level change earlier on. Damages from extreme weather events also vary due to natural, not climate change induced, variability on annual and longer-term time horizons. We consider the impact of climate change on a five-year time horizon to be smaller than the impact of the natural cycles and the general variability of catastrophe events. Zurich does, however, deem the impact of climate change over the long term (more than 15 years) to be elevated and highly uncertain. Based on our current portfolio and scientific consensus, perils requiring particular monitoring focus are: • Atlantic hurricanes, as there is increasing evidence that the proportion of high intensity (Category 4 and 5) hurricanes will increase. • Extreme rainfall is expected to increase with progressing climate change as the temperature increases. So far we have not yet seen claims trends that can be specifically attributed to climate change versus other trends, such as increased accumulation of (property) assets in areas exposed to extreme weather events. Impacts are expected to emerge gradually, providing time to react by rebalancing portfolios and pricing. As a result, over the longer term some combinations of perils, regions and lines of business, in particular property, and to a lesser extend business interruption and contingent business interruption, can be expected to result in higher natural catastrophe loads that would go into the model price for a significant share of contracts. For other perils, regions and/or products we would not expect higher natural catastrophe loads to go into the model price for a significant share of contracts to result from climate impacts. The risk to our business comes from a potential lack of understanding of the dynamics of climate change and insufficient ability to isolate gradual changes to the risk in order to ensure increases in risk due to climate change impacts is sufficiently priced. A failure to do this means we could be anti-selected against in the market, with potential impacts to profitability and market share.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

500000000

Potential financial impact figure – maximum (currency)

1000000000

Explanation of financial impact figure

The financial impact range is an estimation based on expert judgement by our internal Accumulation Identification and Management Group supported the Advisory Council for Catastrophes, a panel of external experts that provides insights into the patterns of occurrence, predictability & destructiveness of catastrophes & gives feedback about Zurich's approach to such catastrophes. The estimation takes into account expected extreme weather impacts based on latest scientific models combined with our specific exposure to such perils based on our insurance book. Generally, annual policy renewals provide a degree of insulation against increasing physical risks for short-tail business, however the ability to isolate gradual changes to the risk (e.g. a change in frequency, severity or correlations) and therefore capture the impacts of a changing climate becomes more pressing over a longer time frame.

Management method

Zurich's catastrophe management and modelling processes provide a sound basis to understand changes in climate related risks. Zurich uses third-party models to manage its underwriting and ensure accumulations stay within intended exposure limits. While Zurich recognises natural catastrophe models are regularly updated and designed to reflect today's risk, including climate change, potential gaps are addressed as part of Zurich's model validation process and the 'Zurich View' approach, leveraging both internal and external expertise. In line with the increased sophistication of Zurich's catastrophe model management, resources for modelling and validation have increased over time, but the investigation of climate change risks has been covered by the existing resources, without the need for dedicated roles. Given the interlinked responsibilities of the teams, an allocation of working time is not possible with sufficient accuracy. So far we have not yet seen claims trends that can be specifically attributed to climate change versus other trends, such as increased accumulation of (property) assets in areas exposed to extreme weather events. Impacts are expected to emerge gradually, providing time to react by rebalancing portfolios and pricing. The cost of management is part of our on-going operating costs.

Cost of management

0

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of climate adaptation and insurance risk solutions

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

Climate related regulations aimed at incentivizing a low carbon economy, result in an increased demand for alternative low carbon solutions, providing opportunities for new markets. To meet the needs of the growing sustainable mobility segment, Zurich established itself as an electric car pioneer when we launched what we believe to be the world's first customised electric car motor insurance proposition in Ireland in 2011. With our AA- financial strength and our experience insuring electric cars, we provide superior electric car insurance protection, specialist electric car breakdown assistance and an excellent claims service. This product was developed in association with Ireland's premier electricity utility, the Electricity Supply Board (ESB). Zurich has also introduced market leading electric vehicle insurance propositions in Switzerland, Germany, Spain, Austria and Portugal with more countries under active consideration. These are among the first customized electric vehicle insurance products globally and they support the move toward more environmentally-friendly transportation, providing Zurich with competitive advantage. In Germany, Zurich provides award-winning additional accidental damage cover for batteries used in electric cars, commercial electric vehicles, and electric motor bikes. In Switzerland, Ireland, Spain, Austria and Portugal, Zurich offers insurance discounts for these vehicles in order to financially incentivise the ownership of low emissions electric vehicles. In Ireland, Spain, Germany, Austria and Portugal Zurich also innovatively addresses the fear of running out of electricity mid-journey by providing tailored breakdown assistance for our private electric car customers. This involves Zurich committing to tow customers' electric cars at no extra cost to the nearest recharging station in the event that they run out of charge. We also work with our corporate customers in the automotive, power generation and infrastructure sectors to support their evolving needs as they move towards low carbon alternatives. We see this demand increasing in the medium to longer term with opportunities for products and services to support a low carbon economy.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
330000

Potential financial impact figure – maximum (currency)
3330000

Explanation of financial impact figure
According to EV-Volumes.com, 2.1 million new electric vehicles (both battery electric vehicle (BEV) and plug-in hybrid (PHEV) were sold in 2018. Bloomberg New Energy Finance have put this in context as an increase “from just a few thousand in 2010”. Bloomberg expect “annual passenger electric vehicle (EV) sales to rise to 10 million in 2025, 28 million in 2030 and 56 million by 2040”. EVs would thus comprise almost 60% of new passenger vehicle sales by 2040. As electric vehicles are an emerging technology, differences in annual premium income for Zurich between countries range from below USD 55,000 to over USD 555,000. Range above is calculated in USD x 6 countries.

Strategy to realize opportunity
The impact is low in the short to medium term, but electric vehicles (EV) are inevitably going to be a significant, growing, segment of the new vehicle market, with Zurich leading the way in developing customised motor insurance solutions that meet the needs of EV customers. Zurich's Irish based resource is responsible for managing and co-ordinating our global EV insurance initiative. This involves research and strategy development, including the development of a very detailed, extensively researched Guide to EV Insurance Proposition Development for local business units, together with the carrying out global and local market research. The role also involves identifying countries where the proposition can be developed, while also working closely with local underwriting and marketing teams as the proposition goes through Zurich's rigorous assessment and proposition development processes. One example of this in 2018 is the launch of an innovative EV motor insurance product in Zurich Portugal, tailored to meet the specific needs of EV owners. This is the sixth country where Zurich has introduced an EV motor insurance product. The development of an e-car proposition at a local level involves a number of local Zurich employees. These costs are part of our business as usual proposition development costs. Development costs would be typically under USD 11,000 development costs per country and therefore this is the stated cost to realize figure.

Cost to realize opportunity
11000

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Type of financial impact
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description
Zurich has a clear strategy, and track record, for ensuring new or redeveloped headquarters and large office locations achieve reputable environmental qualifications such as Leadership in Energy and Environmental Design (LEED), German Sustainable Building Council (DGNB), Minergie (Switzerland's construction standard for new and modernised buildings), and BREEAM UK (the world's leading sustainability assessment method for master planning projects, infrastructure and buildings). Some examples: - In 2014, Zurich's Swiss headquarters locations received the first LEED Platinum certification for office buildings in Switzerland - in 2016, Zurich opened the doors to its LEED Platinum certified Zurich North America headquarters This location has demonstrated 30% actual annual operational savings compared to the previous location. - Germany's new headquarters location is being planned to achieve DGNB certification - Zurich's new global headquarters in Zurich, Switzerland, planned to open in late 2020, is targeting to achieve both LEED and Minergie certifications. This office will be one of the most energy efficient buildings in the city, will have onsite photovoltaic installations, will use lake water for heating and cooling, and will use no fossil fuels. This building is amplifying Zurich's commitment to sustainable operations. These certified buildings offer additional benefits specific to Zurich in terms of recruiting and retention potential due to the improved work environment, including but not limited to improvements to occupant comfort, increased flexibility, increased collaboration, biophilic elements, etc. Further, we estimate the Zurich saves at least USD 1,000,000 per year in operating costs as a result of the transition to more efficient buildings.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
1000000

Potential financial impact figure – maximum (currency)
5000000

Explanation of financial impact figure
The true financial benefits from sustainable office buildings are very difficult to measure as they positively impact employees' health and well-being, productivity, recruiting and retention. Further, reputational benefits with investors and customers are also likely. One area that is more tangible is the cost savings resulting from significant energy efficiency gains. Considering Zurich's headquarters in Switzerland and Zurich North America, and a number of other smaller, yet significant, office locations, it is estimated that Zurich saves at least USD 1,000,000 each year on energy and water costs, compared to if we have remained in, or moved to, locations with no environmental or sustainability certification. As we continuously add more sustainable office locations to our portfolio, the potential operational cost savings are estimated to increase, with current maximum forecast at USD 5,000,000.

Strategy to realize opportunity
Zurich has public carbon and energy reduction targets. Planning environmental and sustainability certification for our headquarters and larger office locations is key to reaching these targets. Sustainable buildings are well perceived by our customers, investors and employees, further reinforcing the value of sustainable buildings. In 2014, Zurich formally embedded sustainable building requirements in our project management processes and governance requirements. In 2018, the LEED Platinum certified headquarters building in North America reported a more than 50% reduction in electricity costs compared to 2015 electricity costs at the previous headquarters location. Building certifications do come at a cost premium compared to building without a certification. In addition to certification costs, most often a special project resource is required to support the planning, design and documentation efforts. Considering Zurich's headquarters projects, we have taken an estimate of costs based on three projects running concurrently, all seeking their local sustainable building certification, spanning 3-4 years each, requiring an estimated USD 200,000 in resources supporting certification per project per year. The cost to realize opportunity considers 2018 only.

Cost to realize opportunity
600000

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Other

Type of financial impact
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description
Since 2016, Zurich implemented stricter travel management controls. In 2018, total distance traveled has reduced by 23 percent, and absolute travel emissions have decreased by 26 percent (travel figures include air, rental, fleet and rail) compared to 2015. Zurich supports travel that is absolutely necessary, planned in advance, where meetings and trips are bundled, primarily resulting in significantly less long-distance air travel. Use of communication tools such as tele, web and video conferencing supplements the need for travel, while ensuring strong connectivity of teams and high levels of collaboration are nurtured.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
20000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
This is an estimated figure pulled from financial reports.

Strategy to realize opportunity
Zurich implemented stronger travel planning requirements, oversight mechanisms, and stricter approval processes, to ensure travel only when absolutely necessary to deliver business benefits. For example, in Group Operations, all long-distance travel requests must first be sent to the Group Chief Operating Officer's office for approval prior to booking. Zurich has embedded improved travel management controls within business-as-usual processes, therefore there is no direct increase in operating costs.

Cost to realize opportunity
0

Comment

Identifier
Opp4

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Resilience

Primary climate-related opportunity driver
Other

Type of financial impact
Other, please specify (Zurich's flood resilience program)

Company-specific description
Floods affect more people globally than any other type of natural hazard and cause some of the largest economic, social and humanitarian losses. By using our risk expertise as a global insurer, we can help customers and communities to reduce the devastating impacts of floods, even before a flood ever hits – we call this flood resilience. Zurich, together with academic institutions and NGO partners, has developed a flood resilience model with innovative pre-event mitigation measures to help the poorest communities in the world protect themselves from floods. The Zurich Flood Resilience Alliance, a multi-sector partnership focusing on finding practical ways to help communities strengthen their resilience to floods globally – and save lives was launched in 2013. Zurich's efforts have been recognized through awards such as the UNFCCC's 'Momentum for Change Lighthouse Award' in 2014 and a Convergences' 'Special Climate Prize' in 2015. In 2019, Zurich won an Outstanding Achievement Award from the 2019 National Hurricane Conference. Zurich earned this honor for its work to develop and implement its Post Event Review Capability (PERC) approach, an open-source methodology designed to evaluate how natural hazards events turn into community disasters and to provide practical recommendations that promote community resilience.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
700000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
One of Zurich's objectives is to enhance the effectiveness of disaster risk reduction solutions by improving understanding of the barriers to more effective measures to build physical, natural, human, social and financial resilience to floods. Demonstrating and advocating the benefits of pre-event risk reduction over post-event disaster relief. Developing and delivering innovative, sustainable solutions that make communities more resilient to floods and taking them to scale globally. Finally, developing perspectives on appropriate risk transfer and risk management solutions in flood vulnerable areas, including prerequisites for their effective functioning. As an insurer the flood resilience program supports our aim to lower our customers' and hence our own exposure to floods. The potential financial impact figure can be benchmarked against recent natural hazards. For example, Zurich's estimated net claims related to hurricanes Harvey, Irma and Maria of USD 700m as published in 2017.

Strategy to realize opportunity
In the last five years, a multi-sector alliance of the NGOs sector, academia and Zurich's risk management experts has focused on shifting from the traditional emphasis on post-event recovery to stress pre-event resilience. More than 110 communities in nine countries have benefited from alliance projects. The evidence-based approach built through dozens of research papers published and implemented in the community programs across the globe illustrates the value of investing in flood resilience. However, it continues to have trouble gaining wide acceptance and is held back by a lack of investment. According to the ClimateWise Investing for Resilience report, of USD 175 billion economic losses in 2016 that related to natural hazards (of which floods are a major part) only USD 50 billion were insured. This USD 125 billion protection gap is due in part to the lack of evidence of "what works" and because there are few incentives and regulations to encourage investments into sound protection measures at all levels of society. That is why the objectives for the next five years are: • Supporting the generation of USD 1 billion in additional funding for flood resilience • Encouraging effective public policy in support of flood resilience • Developing sound practices and policy support for flood resilience • Measurably enhancing flood resilience in vulnerable communities across the world The program has funding of approximately CHF 20 million from the Z Zurich Foundation for phase 2.

Cost to realize opportunity
20000000

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	To date, no material changes in claims trends can be observed that could be attributed to physical climate risk impacts. Also, no systematic negative demand impact can be identified from industry sectors exposed to transition risks. Zurich does take advantage of its considerable expertise in providing insurance solutions for green assets, thus gaining additional premium income, for instance through products and services for electric vehicles, renewable energy, etc. around the world, but not all types of 'green' assets represent, to date, profitable business opportunities for insurance. Also, in November 2017, Zurich developed a thermal coal policy, aligned with our position on climate change, that stopped the provision of insurance, investment or risk management services for new thermal coal mines or for potential new clients that derive more than half their revenue from mining thermal coal, and also for utility companies that generate more than half of their energy from coal. In June 2019, Zurich announced that it will also expand its existing thermal coal policy aimed at reducing the use of carbon intense fossil fuels.
Supply chain and/or value chain	Not impacted	Due to the nature of our business, we are predominantly a consumer of services, and not products or raw materials. Compared with other industry sectors such as manufacturing, the risks associated with the environmental, social and governance (ESG) impact of Zurich's supply chain are low. Nonetheless, we are committed to effectively managing such issues within our supply chain. No in-depth analysis of climate risk exposure through Zurich's supply chain was conducted. However, with professional services as an important component of procurement spend and no material reliance on manufactured inputs, risk exposure through the supply chain can be deemed low. We aim to work with suppliers who share our values, and we expect high standards of business conduct from those who represent us or do business with us. We are continually working to improve policies, processes and guidelines for managing sustainability issues in the supply chain. We incorporate appropriate evaluation criteria to assess the goods and services we buy, taking into account ESG factors in line with best value and in compliance with relevant legislation. We also ensure relevant sustainability clauses are included in contracts with suppliers, such as ethical conduct and labor, health and safety and environmental standards. In addition, we strive to develop an understanding of the ESG impact on the diversity of goods and services we buy, while implementing processes to ensure these factors are taken into account on an ongoing basis. Reflecting our commitment to promoting supplier diversity, we engage a wide range of different suppliers, aimed at giving Zurich the possibility to source from the most suitable, agile and innovative companies. Our work with social enterprises is one example of how Zurich is ensuring its supply chain takes into account environmental issues. In 2016, Zurich in the UK signed up to Social Enterprise UK's 'Buy Social' Corporate Challenge, which commits a group of high profile companies in different types of industries to spend GBP 1 billion in total by 2020 on purchasing goods and services from social enterprise companies. These are businesses that reinvest their profits to address issues such as climate change.
Adaptation and mitigation activities	Impacted	Global mitigation and adaptation activities are increasing, however from a low level with a small market volume compared to other economic activities. However, they have enabled Zurich to contribute as part of its impact investment activities as well as its flood resilience program. As a responsible investor, we use capital markets to search for – and fund – solutions to many of the pressing social or environmental issues of our time. Our impact portfolio was USD 3.8 billion at as at 31 December 2018, across the asset classes green, social and sustainability bonds, impact private equity, private debt infrastructure. Zurich is committed to making up to USD 5 billion in impact investments. Achieving this level, will, we believe, avoid 5 million tons of CO2-equivalent emissions per year, and separately, make a positive contribution to the lives and livelihoods of 5 million people. Zurich evaluates impact investments within the context of specific asset classes (e.g. green bonds) and creates dedicated strategies for impact investments within those classes. While continuing to make systematic use of environmental, social and governance data in investment decision-making, we will look at a variety of ways to grow our impact investment portfolios around the world. In 2018, we developed an impact measurement framework to track the success of our impact portfolio. Zurich's pilot study of the majority of its impact investments revealed that it helped to avoid 3.4 million tons of CO2-equivalent emissions and, separately, improves the lives of 2.4 million people annually, as of December 2018. Also, by using Zurich's risk expertise as a global insurer, we help customers and communities reduce the devastating impacts of floods - even before a flood hits - and build community flood resilience in a more integrated way. The Zurich Flood Resilience Alliance, a multi-sector partnership focusing on finding practical ways to help communities strengthen their resilience to floods globally – and save lives was launched in 2013. The Flood Alliance's disaster risk reduction activities have made a difference and directly benefited 225,000 people across our 13 programs in nine countries.
Investment in R&D	Not impacted	As required, Zurich carries out research as part of its product development and investment management processes. In addition, as part of our flood resilience program, Zurich, together with its Flood Resilience Alliance partners, have carried out extensive research into the topic of flood. Zurich's post-event review capability (PERC) provides research and independent reviews of large flood events. It seeks to answer questions related to aspects of flood resilience, flood risk management and catastrophe intervention. It looks at what has worked well (identifying best practice) and opportunities for further improvements. Since 2013 we have used PERC to analyze various flood events. We are consolidating the knowledge we have gained to make it available to anyone interested in progress on flood risk management. We are also engaging in dialogue with authorities to provide them with knowledge and best practices. In addition, faced with a situation where there was no ready-made way to assess resilience, we have developed our own community flood resilience measurement framework, together with the tools to practically apply it. The resulting flood resilience measurement for communities (FRMC) is a decision-support tool that has been used in over 110 communities in 13 programs within nine countries and generated over 1.1 million data points used for further analysis. Though, as yet, this has not impacted our company, the Flood Resilience Alliance's disaster risk reduction activities have made a difference and directly benefited 225,000 people across our 13 programs in nine countries.
Operations	Impacted for some suppliers, facilities, or product lines	Zurich strives to operate in a holistically sustainable manner. We take advantage of opportunities such as renewable electricity purchasing, carbon neutrality, carbon and energy reduction targets, travel reductions and moving to a more efficient real estate portfolio. We also conduct an annual operational risk assessment covering energy cost, high risk locations, regulatory, operational supply chain, stakeholder expectations and employee safety. Given the low-carbon nature of Zurich's business, continuous progress on energy and carbon reduction targets, Zurich's voluntary carbon offsetting scheme, and strong local disaster and recovery planning in place for all facilities, Zurich does not consider operational risks related to climate change to be material due to a low magnitude of impact. However, low magnitude risks exist for example, in the area of increases to energy costs or risks of new external carbon taxes or fees.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	To date, no material changes in claims trends can be observed that could be attributed to physical climate risk impacts. Also, no systematic negative demand impact can be identified from industry sectors exposed to transition risks. Damages from extreme weather events also vary due to natural, not climate change induced, variability on annual and longer-term time horizons. We consider the impact of climate change on a five-year time horizon to be smaller than the impact of the natural cycles and the general variability of catastrophe events which is already accounted for in our planning assumptions. Impact investing, which includes climate change mitigation activities, has changed our way of investing. Though longer-term, these investments have the same risk/return ratio as conventional comparable investments. While continuing to make systematic use of environmental, social and governance (ESG) data in investment decision-making, we will look at a variety of ways to grow our impact investment portfolios around the world. With regard to climate change, we will continue to focus on green bonds, impact private equity and impact infrastructure private debt, including direct private debt lending toward infrastructure such as solar/wind farms. In addition, the development of various green products, for example, electric vehicle insurance and insuring renewable energy construction projects around the world, has resulted in a small impact on revenues.
Operating costs	Impacted for some suppliers, facilities, or product lines	Dedicated staff and data are used to address climate change as part of an overarching approach to integrate sustainability into Zurich's operational activities. Related expenses are budgeted and planned for. In addition, Zurich budgets and plans for changes in energy prices, the purchase of renewable electricity, energy efficiency initiatives, including the transition to more efficient facilities. These practices are integrated into business as usual financial planning processes. That being said, unplanned operating costs impacts can arise with little warning, for example, in sudden changes to energy costs.
Capital expenditures / capital allocation	Not impacted	Our scenario assessment has not revealed physical or transitional risks that are material enough over the three-year financial planning horizon to warrant adjustments to its capital expenditure or capital allocation plans as a result of expected climate change. We do consider capital expenditure for our sustainable buildings program for example with environmental efficiency measures and building certifications.
Acquisitions and divestments	Not impacted	We would not consider opportunities related to acquisitions and divestitures as having an impact, as our baseline would be adjusted to account for any substantive impact.
Access to capital	Not impacted	Our scenario assessment has not revealed physical or transitional risks that are material enough over the three-year financial planning horizon to impact our access to capital.
Assets	Not impacted	Zurich analyzed physical and transition risks for selected parts of its investment portfolio. While Zurich is exposed to both near-term transition and long-term physical risk, initial analysis suggests that very significant impairments would be required for the Zurich portfolio to be materially impacted. The Group does not consider such impairments currently likely, and exposure to future increases in climate risk is expected to be further mitigated with on-going implementation of Zurich's responsible investment and climate change investment strategies, which are designed to reduce risks and harvest opportunities. Specific examples to have a positive impact through our business are Zurich's strategy on divesting from companies with a high exposure to coal, as well as dedicated impact investing targets to build a portfolio that helps avoid 5 million tons of CO_2e annually. Expenses for dedicated staff and data supporting the overarching responsible investment approach, including a climate change investment strategy, are budgeted and planned for.
Liabilities	Not impacted	To date, no material changes in claims trends can be observed that could be attributed to physical climate risk impacts. We consider the impact of climate change on a five-year time horizon to be smaller than the impact of the natural cycles and the general variability of catastrophe events which is already accounted for in our planning assumptions. Also, no systematic negative demand impact can be identified from industry sectors exposed to transition risks. Damages from extreme weather events also vary due to natural, not climate change induced, variability on annual and longer-term time horizons.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Climate change has been reflected as an external factor in the evolution of Group strategy. There is a dedicated climate change investment strategy, it is reflected in the underwriting strategy and the 'Zurich View' approach.

Climate-related objectives:

1. Work with clients as well as public and private partners to enhance resilience and advocate for solutions to prevent, or minimize, damage and harm from weather and climate-related perils for our customers and communities.

2. Develop insurance and risk management solutions for the new technologies, business models and approaches that will be required to achieve this unprecedented transition to a low-carbon economy.

3. Integrate assessments of both physical and transition risks into our investment strategies and contribute to avoiding 5 million tons of CO2 emissions annually through our dedicated impact investments.

4. Minimize the environmental impact of our own operations.

5. Disengage and divest from those whose activities are predominantly focused on thermal coal, oil sands and oil shale if these companies have no plan to realign their business over time towards a low-carbon future.

6. Play an active role in developing science-based targets for investment and liability portfolios.

7. Publicly advocate for policies that encourage the private sector to fully leverage capabilities and resources in support of the transition to a global low-carbon economy, including:

- A global price on carbon, established at a level sufficiently high over time to incentivize action aligned with below-2ºC warming.
- A clear roadmap for the progressive phasing out of fossil fuel subsidies.
- Credible policy roadmaps for internationally integrated energy policies, systems, markets and electricity grids capable of handling large scale use of renewable energies.
- Policies in support of both public and private research and development of critical technologies such as energy storage, electric mobility, renewable power and carbon capture and storage (CCS).
- Integrating key aspects of climate change, alongside other environmental, social and governance issues, in public and private education and curricula.
- Enhanced transparency by mandating better disclosure of climate risks, alongside other environmental, social and governance issues.

8. Adopt the recommendations of the Financial Stability Board's Task force on Climate Change-related Financial Disclosure (FSB-TCFD) and report on progress made in implementing the above commitments.

Most substantial business decision in 2018: Disengage and divest from those whose activities are predominantly focused on thermal coal if these companies have no plan to realign their business over time towards a low-carbon future

Zurich is leveraging its role as a leading commercial insurer to foster dialogue around the impact of coal on climate and the steps needed to transition to a low-carbon economy. We are applying our existing ESG risks in business transactions process to the thermal coal sector. Zurich has stopped the provision of insurance, investment or risk management services for new thermal coal mines or for potential new clients that derive more than half their revenue from mining thermal coal, and also for utility companies that generate more than half of their energy from coal. It will assume strong ESG risk management if a new or existing client, or an investee company, derives less than 30 percent of its revenues from mining thermal coal or, for utility companies, generates less than 30 percent of energy from coal. The company is also applying its enhanced risk screening for new or existing clients, and enhanced risk integration for investee companies, that derive 30 percent to 50 percent of their revenues from mining thermal coal, or utility companies that generate 30 percent to 50 percent of their energy from coal. Lastly, Zurich will engage those clients that derive more than half of their revenues from mining thermal coal or utility companies that generate more than half of their energy from coal in a risk-based dialogue – not to exceed 24 months – with the aim to drive a deeper discussion regarding their mid-to-long term transition plans. Depending on the outcomes of these dialogues, the insurer will either facilitate a transition to an alternative insurer, or explore whether an underwriting exception should be granted based on the client’s strategy and position on climate risk.

In June 2019, Zurich announced that it is accelerating actions to progress towards a low-carbon economy amid an increasing climate crisis. As the first insurance company, Zurich commits to set targets in the framework of the UN Global Compact Business Ambition Pledge that aims at limiting global temperature rise to 1.5°C above pre-industrial levels. Zurich will also expand its existing thermal coal policy aimed at reducing the use of carbon intense fossil fuels.

Minimize the environmental impact of our own operations: A second example is Zurich's commitment to utilize 100% renewable power in all global operations by the end of 2022.

Investments

Zurich has defined a clear strategy to reflect climate change in its investment approach and we are committed to action in seven areas:

1. Scenarios: it is hard to take action without context. Zurich’s Market Strategy and Macroeconomics team has defined high-level scenarios and is monitoring developments with the help of a scorecard that is updated regularly.

2. Strengthen ESG integration: given its complexity and long-term nature, climate change represents a particular challenge for ESG integration. Additional data and tools are required to raise awareness among investment professionals and to support integration in investment strategies.

3. Benchmarks: ESG integration practices might fail to effectively capture all climate change-related risks and opportunities. We are testing the use of special benchmarks that incorporate a climate risk assessment and will evaluate the application of such benchmarks for new and existing portfolios on a case-by-case basis.

4. Finance the transition to a low-carbon economy: as part of our ongoing commitment to impact investing and our target to help avoid the emission of five million tons of CO_2 per year, we will evaluate green investments across different asset classes on an ongoing basis.

5. Drive change through advocacy: public and private sectors need to take decisive action. Zurich has defined clear positions on topics such as transparent risk disclosure, carbon pricing, etc.

6. Engagement: as part of engaging with the companies in which we invest, climate change should be reflected on the agenda and considered in voting practices.

7. Selective exclusions: recognizing the particularly harmful impact of coal on climate Zurich has developed a Group approach on selectively excluding companies related to the mining of or electricity generation from thermal coal from its underwriting and investing activities.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details
RCP 4.5 RCP 8.5 Other, please specify (IEA "Bridge Scenario" and IEA "Paris Agreement Scenario")	Zurich has developed 2 climate change scenarios that map out probable climate change impacts over a 10-year horizon, which are updated annually. The scenarios consider potential impact to both the insurance & investment management of our business. Scenario 1 - Failure to act: Business as usual. In this scenario, governments & businesses do too little too late to tackle climate change, with temperature rising steadily to well above 2°C. Models show that this leads to rising physical risk with increased likelihood of extreme weather events, flooding, storms & drought, and an indirect impact on health & resources such as water and crop yield. We have aligned the assumptions for this scenario to IPCC's RCP 8.5 scenario, forecasting a mean temperature and a sea increase of 3.7°C and 0.63 meters, respectively. This model provides us with a worst-case scenario in terms of physical impacts, while still being realistic based on current policy action. According to the model assumptions physical climate change risk begins to rise more materially beyond the next couple of decades. Regional variations will be large, however, and low-lying island and coastal areas are likely to see risk from sea-level change earlier on. The risk of unpredictable & potentially catastrophic events also rises if tipping points for abrupt & irreversible climate changes are reached, for example due to the melting of permafrost or the ice cap. The presence of these tipping points adds an additional layer of uncertainty around the long-term impact of climate change both on the physical & the economic environment. Scenario 2 - A 2-degree world: Change ahead. At the other end of the spectrum is a 2°C compliant world where measures are taken to make progress towards a low carbon economy, with the temperature rise from preindustrial levels kept at or below 2°C by 2100 (IPCC's RCP 4.5 scenario forecasting mean temperature and sea level rise of 1.8°C and 0.47 meters, is a reference point based on ambitious but still realistic emission reductions. We do not believe that even more ambitious scenarios such as RCP 2.6 are sufficiently likely to be selected for regular consideration.). Physical risk is contained relative to the failure to act scenario, though not eliminated, & some regions will be more exposed than others. In the near to medium term, this scenario is dominated by transition risk, as far-reaching changes to the global energy system are needed to reduce the carbon footprint, and every part of the economy will be affected. Independently of the precise pathway to reach a 2°C compliant world, the transition will be disruptive, as significant asset price moves are required to shift resources to the renewable sector on a global scale. The transition will be particularly costly if action is initially delayed, so timing is critical when assessing transition risk. To monitor developments in scenario probability, Zurich has developed a score card approach to assess the likelihood of the 2 scenarios described above, judging the 'failure to act' scenario as the most likely outcome at present. For the 2° scenario to become more likely our assumption is that progress in policy, technology & sentiment & behaviours needs to increase in speed and depth from today's levels. The score card assessment & scenario narratives are used as the basis for Zurich's Group-wide annual climate change risk assessment & the 7-point climate change investment strategy. We are taking the analyzed scenarios into our investment considerations & looking for physical data providers to implement this data into our investment decisions & process. The scenarios & risk assessment also form the basis for our external climate risk disclosure in line with the TCFD framework. The time horizons were chosen so as to capture relevant internal strategic & financial planning cycles (near & medium term) as well as more extended periods over which physical impacts of climate change might accentuate (long-term).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1+2 (market-based) +3 (upstream)

% emissions in Scope

100

Targeted % reduction from base year

20

Metric

Metric tons CO2e per unit FTE employee

Base year

2015

Start year
2017

Normalized base year emissions covered by target (metric tons CO2e)
2.43

Target year
2025

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

% of target achieved
100

Target status
Achieved

Please explain
Zurich INT 1 targets sets the goal for Zurich to achieve and maintain an at least 20% reduction in total emissions, normalized by FTE, until 2025, based on a 2015 baseline. After having reached our previous target in 2016 (50% reduction in total CO2e per FTE (against a 2007 baseline)), Zurich set the new target in 2017. We defined 2015 as the new baseline year and implemented a number of improvements in our reporting methodology: Our baseline year's data has been adjusted to exclude major divestitures – ensuring a more consistent scope across the years - Farmers Management Group Inc [1]. was previously included in Zurich's global reporting. The new 2015 baseline now excludes this business to align with our operational control boundary [1] The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative, management and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services. - The electricity extrapolation methodology has been re-aligned to regional electricity intensity figures to better reflect variances in building performance typically seen between regions - A heating extrapolation methodology has been defined and implemented - IT has developed a new extrapolation methodology to account for the electricity demand from our in-house servers where actual data is not available - Rail travel has been added to our scope 3 business travel - A new scope 3 category has been added to our reporting to account for emissions in energy generation/extraction and transmission loss - Moved to the Greenhouse Gas Protocol (GHG) / International Energy Agency (IEA) emissions factors as the primary factor set We plan to submit to the science-based target setting initiative as soon as a methodology for financial institutions is published. We consider the current target science-based as it meets the requirement for an at least 2.1% year-on-year emissions reduction between base year and target year.

% change anticipated in absolute Scope 1+2 emissions
20

% change anticipated in absolute Scope 3 emissions
20

Target reference number
Int 2

Scope
Scope 1+2 (market-based) +3 (upstream)

% emissions in Scope
49

Targeted % reduction from base year
20

Metric
Metric tons CO2e per unit FTE employee

Base year
2015

Start year
2017

Normalized base year emissions covered by target (metric tons CO2e)
1.18

Target year

2025

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

% of target achieved

100

Target status

Achieved

Please explain

Zurich INT 2 targets sets the goal for Zurich to achieve and maintain an at least 20% reduction in facilities emissions, normalized by FTE, until 2025, based on a 2015 baseline. After having reached our previous target in 2016 (50% reduction in total CO2e per FTE (against a 2007 baseline)), Zurich set the new target in 2017. We defined 2015 as the new baseline year and implemented a number of improvements in our reporting methodology: - Our baseline year's data has been adjusted to exclude major divestitures – ensuring a more consistent scope across the years - Farmers Management Group Inc [1]. was previously included in Zurich's global reporting. The new 2015 baseline now excludes this business to align with our operational control boundary [1] The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative, management and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services. - The electricity extrapolation methodology has been re-aligned to regional electricity intensity figures to better reflect variances in building performance typically seen between regions - A heating extrapolation methodology has been defined and implemented - IT has developed a new extrapolation methodology to account for the electricity demand from our in-house servers where actual data is not available - A new scope 3 category has been added to our reporting to account for emissions in energy generation/extraction and transmission loss - Moved to the Greenhouse Gas Protocol (GHG) / International Energy Agency (IEA) emissions factors as the primary factor set Zurich INT 2 includes emissions from the following sources: - facilities onsite heating emissions (scope 1) - facilities district heating emissions (scope 2) - facilities electricity emissions (scope 2) - fuel and energy related activities (transmissions, generation and distribution losses) (scope 3) We plan to submit to the science-based target setting committee as soon as a methodology for financial institutions is published. We consider the current target science-based as it meets the requirement for an at least 2.1% year-on-year emissions reduction between base year and target year.

% change anticipated in absolute Scope 1+2 emissions

14

% change anticipated in absolute Scope 3 emissions

4

Target reference number

Int 3

Scope

Other, please specify (Business travel emissions (scope 1 & 3))

% emissions in Scope

51

Targeted % reduction from base year

20

Metric

Metric tons CO2e per unit FTE employee

Base year

2015

Start year

2017

Normalized base year emissions covered by target (metric tons CO2e)

1.24

Target year

2025

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

% of target achieved
100

Target status
Achieved

Please explain
Zurich INT 3 targets sets the goal for Zurich to achieve and maintain an at least 20% reduction in business travel emissions, normalized by FTE, until 2025, based on a 2015 baseline. After having reached our previous target in 2016 (50% reduction in total CO2e per FTE (against a 2007 baseline)), Zurich set the new target in 2017. We defined 2015 as the new baseline year and implemented a number of improvements in our reporting methodology: - Our baseline year's data has been adjusted to exclude major divestitures – ensuring a more consistent scope across the years - Farmers Management Group Inc [1]. was previously included in Zurich's global reporting. The new 2015 baseline now excludes this business to align with our operational control boundary [1] The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative, management and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services. - The electricity extrapolation methodology has been re-aligned to regional electricity intensity figures to better reflect variances in building performance typically seen between regions - A heating extrapolation methodology has been defined and implemented - IT has developed a new extrapolation methodology to account for the electricity demand from our in-house servers where actual data is not available - Rail travel has been added to our scope 3 business travel - A new scope 3 category has been added to our reporting to account for emissions in energy generation/extraction and transmission loss - Moved to the Greenhouse Gas Protocol (GHG) / International Energy Agency (IEA) emissions factors as the primary factor set Zurich INT 3 includes emissions from business travel from the following sources: - fleet travel (scope 1) - air travel (scope 3) - rental car travel (scope 3) - rail travel (scope 3) We plan to submit to the science-based target setting committee as soon as a methodology for financial institutions is published. With the 20% reduction already achieved, Zurich's target is to maintain these results with our successful travel management practices. We consider the current target science-based as it meets the requirement for an at least 2.1% year-on-year emissions reduction between base year and target year.

% change anticipated in absolute Scope 1+2 emissions
6

% change anticipated in absolute Scope 3 emissions
16

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Energy usage

KPI – Metric numerator
MWh

KPI – Metric denominator (intensity targets only)
FTE

Base year
2015

Start year
2017

Target year
2025

KPI in baseline year
4.32

KPI in target year
3.45

% achieved in reporting year
79

Target Status
Underway

Please explain
Zurich's energy usage target sets the goal for Zurich to achieve and maintain an at least 20% reduction in energy (MWh electricity plus heating), normalized by FTE, until 2025, based on a 2015 baseline. After having reached our previous target in 2016 (40% reduction in energy per FTE (against a 2007 baseline)), Zurich set the new target in 2017. We defined 2015 as the new baseline year and implemented a number of improvements in our reporting methodology: - Our baseline year's data has been adjusted to exclude major divestitures – ensuring a more consistent scope across the years - Farmers Management Group Inc [1]. was previously included in Zurich's global reporting. The new 2015 baseline now excludes this business to align with our operational control boundary [1] The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative, management and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services. - The electricity extrapolation methodology has been re-aligned to regional electricity intensity figures to better reflect variances in building performance typically seen between regions - A heating extrapolation methodology has been defined and implemented - IT has developed a new extrapolation methodology to account for the electricity demand from our in-house servers where actual data is not available

Part of emissions target
In addition to reducing overall and facilities emissions, Zurich believes it is important to reduce our overall energy demand as well.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	8000
Implementation commenced*	1	570
Implemented*	5	25.4
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type
Energy efficiency: Building services

Description of initiative
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
0

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
9218

Investment required (unit currency – as specified in C0.4)
12949

Payback period
1-3 years

Estimated lifetime of the initiative
1-2 years

Comment
The headquarters building in the United States has installed LED lighting (590 fixtures changed out in the lower level/service tunnel. 93 fixtures changed out in the parking ramp) and is now using 99% LED lighting throughout the facility. 92,179 estimated annual kWh savings. Estimated CO2e savings is zero as location had purchased renewable electricity before the lighting installation, and continues to do so.

Initiative type
Low-carbon energy purchase

Description of initiative
Other, please specify (Starting in 2020, Zurich will accelerate the purchase of renewable power. The exact mix is to be determined.)

Estimated annual CO2e savings (metric tonnes CO2e)
8000

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

38000

Investment required (unit currency – as specified in C0.4)
200000

Payback period
4 - 10 years

Estimated lifetime of the initiative
Ongoing

Comment
In 2018, Zurich developed the initial proposal for a 100% renewable power target. In 2019, it was agreed by the Group Executive Committee to make this commitment and join the RE100 leadership initiative. Zurich's goal is to achieve 100% renewable power by end 2022. The investment calculations are estimates to support renewable sourcing activities 2020-2022. The annual monetary savings are estimated savings in CO2 offsetting costs. Additional ongoing costs from transitioning to 100% renewable power are unknown, therefore these figures have been excluded from the calculation.

Initiative type
Low-carbon energy purchase

Description of initiative
Hydro

Estimated annual CO2e savings (metric tonnes CO2e)
0

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
3-5 years

Comment
In Germany, four projects bundled to re-tender the renewable electricity contract, achieving a cost savings. Germany has been purchasing renewable electricity for most facilities since approximately 2011. CO2e estimated at zero due to the maintenance of renewable power sources.

Initiative type
Other, please specify (Work environment enhancement project to deliver more engaging spaces while delivering space efficiency improvements)

Description of initiative
<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)
570

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
11000000

Investment required (unit currency – as specified in C0.4)
26000000

Payback period
1-3 years

Estimated lifetime of the initiative
Ongoing

Comment
In one of Zurich's business units, Zurich has started the decommissioning and/or reduction of office space of 24 buildings resulting in a planned total reduction of approximately 8,000 square meters. Estimated annual kWh savings is 1,088,098. Estimated annual CO2e savings are 570 tonnes (note - the full estimated annual reduction will be realized 2019 onward after project completion).

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Reduction in multi-functional printing devices, producing energy reduction/ CO2e savings)

Estimated annual CO2e savings (metric tonnes CO2e)
25.4

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
265551

Investment required (unit currency – as specified in C0.4)
0

Payback period
1-3 years

Estimated lifetime of the initiative
Ongoing

Comment
Reduction in the number of multi-functional printing devices in the United States from 267 to 215 in 2018. Also reduced third party printers from 64 to 22 in 2018. This effort reduced print volume from 39,508,487 in 2017 to 33,730,586 in 2018 or a reduction of 5,777,901 in print volume. Estimated annual kWh savings is 200,000 kWh with an estimated annual CO2e savings of 25.4 tonnes (based on an average US emissions factor - note actual market-based emissions use a residual factor).

Initiative type
Energy efficiency: Building services

Description of initiative
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
0

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
1177

Investment required (unit currency – as specified in C0.4)
1637

Payback period

<1 year

Estimated lifetime of the initiative
Ongoing

Comment
Installed LED lighting with motion sensors in four Swiss buildings in 2018. Estimated 5,000 annual kWh savings. CO2e estimated at zero due to existing renewable energy sourcing.

Initiative type
Low-carbon energy purchase

Description of initiative
Hydro

Estimated annual CO2e savings (metric tonnes CO2e)
0

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Ongoing

Comment
Renegotiation of the renewable electricity contract for eight buildings in Switzerland in 2018. Estimated CO2e savings is zero due to the maintenance of renewable power sources.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	In many of the markets in which Zurich operates, local regulations require energy efficient solutions to be implemented as part of a workplace project's investment.
Financial optimization calculations	Energy efficiency improvements and renewable electricity purchasing are included in cost benefit analyses to ensure we are considering and delivering operational savings where possible as part of workplace projects and ongoing operational activities.
Internal price on carbon	Zurich is further developing the transparency and effectiveness of our internal price on carbon to ensure carbon costs can be incorporated in major energy efficiency and renewable electricity purchasing decision making.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Company-wide

Description of product/Group of products
We have introduced electric vehicle insurance propositions in Ireland, Switzerland, Germany, Spain, Austria and Portugal. These are among the first customized electric vehicle insurance products globally and they support the move toward more environmentally-friendly transportation. Zurich covers many renewable energy construction projects around the world. For example, Zurich insured 'Desert Sunlight', the building of one of the largest solar power projects in California, 'Xina Solar One' in South Africa, and Ashalim in solar thermal power plant in Israel. In Italy, Germany and Switzerland, Zurich provides customized coverage for private home owners and small to midsize commercial companies to build renewable energy facilities, such as photovoltaic, solar thermal, biomass and geothermal installations. Our Renewable Energy Generating Equipment policy covers loss of renewable energy generating equipment that a customer owns or operates. Carbon Capture and Sequestration (CCS) liability insurance: Carbon Capture and Sequestration (CCS) is the process of capturing carbon from a waste stream, compressing it into a liquid, and storing it in geological foundations thousands of feet below the surface. The CCS liability policy covers loss associated with Carbon Capture and Sequestration operations. Z Choice Pollution liability insurance: This policy covers loss associated with an existing or new pollution event and includes an embedded Green Remediation supplementary payment. Green remediation includes the increase in costs for following standards, products, methods and processes for improving the environment, increasing energy efficiency and enhancing safety and property protection. This also includes the increase in costs attributable to apply green techniques which operate to minimize waste generation, reduce energy consumption, or conserve natural resources in the execution of a clean-up.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Electric vehicle insurance)

% revenue from low carbon product(s) in the reporting year
0.01

Comment
It is not possible to calculate the total avoided emissions per year as we do not track the mileage which our customers make in their electric cars. As electric vehicles are an emerging technology, differences in annual premium income between countries range from below USD 55,000 to over USD 555,000. Therefore as a percentage of Property and Casualty GWP, which in 2018 was USD 33.5bn, this would be 0.01%.

Level of aggregation
Product

Description of product/Group of products
As part of Zurich's continued efforts to reduce our environmental footprint and support the Paris Agreement's target of limiting global warming, we have launched a new tree planting initiative being piloted in the UK. Zurich will offer to plant a tree for every single life policy that is issued digitally through Zurich UK's Life Protection Platform through reforestation specialists Tree-Nation. Each customer will receive a certificate of authenticity from Tree-Nation and will be able to monitor the growth of Zurich's forest and tree-planting project, which will be centered on Tanzania https://tree-nation.com/profile/zurich

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Not applicable)

% revenue from low carbon product(s) in the reporting year
0

Comment
This is an initiative introduced for each life product sold.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
26478.01

Comment
In 2017, Zurich established 2015 as the new baseline year for environmental reporting.

Scope 2 (location-based)

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
69765.19

Comment
In 2017, Zurich established 2015 as the new baseline year for environmental reporting. Zurich does not use the location-based methodology for core reporting purposes, but we have configured our reporting tool to calculate these figures for CDP reporting purposes.

Scope 2 (market-based)

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
37438.94

Comment
In 2017, Zurich established 2015 as the new baseline year for environmental reporting.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

23293.11

Start date

January 1 2018

End date

December 31 2018

Comment

2018 scope 1 emissions include emissions from onsite heating and fleet vehicles. In line with our continuous improvement approach to environmental management, Zurich took advantage of the move to a new baseline year to holistically re-evaluate our environmental reporting methodology. We identified a number of improvements that would help further align us to evolving best practices: Our baseline year's data has been adjusted to exclude major divestitures – ensuring a more consistent scope across the years Farmers Management Group Inc [1]. was previously included in Zurich's global reporting. The new 2015 baseline now excludes this business to align with our operational control boundary A heating extrapolation methodology has been defined and implemented Moved to the Greenhouse Gas Protocol (GHG) / International Energy Agency (IEA) emissions factors as the primary factor set [1] The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative, management and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)

27167.4

Start date

January 1 2017

End date

December 31 2017

Comment

2017 scope 1 emissions include emissions from onsite heating and fleet vehicles.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)

25078.43

Start date

January 1 2016

End date

December 31 2016

Comment

2016 scope 1 emissions include emissions from onsite heating and fleet vehicles.

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)

26478.01

Start date

January 1 2015

End date

December 31 2015

Comment

2015 scope 1 emissions include emissions from onsite heating and fleet vehicles.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
Zurich uses the market-based approach for calculating scope 2 emissions, however we have configured our reporting tool to calculate location-based emissions for the purpose of our CDP submission.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
48880.37

Scope 2, market-based (if applicable)
27563.47

Start date
January 1 2018

End date
December 31 2018

Comment
2018 scope 2 market-based emissions include emissions from district heating and grid electricity. In line with our continuous improvement approach to environmental management, Zurich took advantage of the move to a new baseline year to holistically re-evaluate our environmental reporting methodology. We identified a number of improvements that would help further align us to evolving best practices: Our baseline year's data has been adjusted to exclude major divestitures – ensuring a more consistent scope across the years. Farmers Management Group Inc [1] was previously included in Zurich's global reporting. The new 2015 baseline now excludes this business to align with our operational control boundary. The electricity extrapolation methodology has been re-aligned to regional electricity intensity figures to better reflect variances in building performance typically seen between regions. IT has developed a new extrapolation methodology to account for the electricity demand from our in-house servers, within our data centers, where actual data is not available. Moved to the Greenhouse Gas Protocol (GHG) / International Energy Agency (IEA) emissions factors as the primary factor set. [1] The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative, management and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

Past year 1

Scope 2, location-based
59461.56

Scope 2, market-based (if applicable)
33247.75

Start date
January 1 2017

End date
December 31 2017

Comment
2017 scope 2 market-based emissions include emissions from district heating and grid electricity.

Past year 2

Scope 2, location-based
66130.7

Scope 2, market-based (if applicable)
33417.26

Start date
January 1 2016

End date
December 31 2016

Comment
2016 scope 2 market-based emissions include emissions from district heating and grid electricity.

Past year 3

Scope 2, location-based
69765.19

Scope 2, market-based (if applicable)
37438.94

Start date
January 1 2015

End date
December 31 2015

Comment
2015 scope 2 market-based emissions include emissions from district heating and grid electricity.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Recent acquisitions where Zurich has not yet taken over operational control.

Relevance of Scope 1 emissions from this source
Emissions excluded due to recent acquisition

Relevance of location-based Scope 2 emissions from this source
Emissions excluded due to recent acquisition

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions excluded due to recent acquisition

Explain why this source is excluded
Zurich is not able to report on emissions from operations which are part of recent acquisitions where Zurich has not yet taken over operational control.

C6.5

(C6.5) Account for your organization’s Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

16.67

Emissions calculation methodology

Total kg of copy paper were multiplied by the DEFRA CO2e factor for "Paper and board: Paper (destination: closed loop recycling)" as we are confident the majority of our copy paper is recycled for reuse. Emissions figures from paper are not included as part of our environmental data assurance audit, and are provided here as estimates.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. As indirect spend, copy paper was determined as not relevant as the total expenditure and overall emissions impact are low. The calculation is available, therefore it is provided to CDP however these emissions are not included in Zurich's publicly disclosed emissions.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from capital goods in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

6763.67

Emissions calculation methodology

Fuel and energy related emissions are calculated based on total energy demand by source (grid electricity, oil heating, natural gas heating, district heating) and multiplying by a scope 3 indirect factor provided by our environmental reporting tool provider.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. Zurich is dependent on energy and utility providers for all information related to our fuel and energy related activities.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from upstream transportation and distribution in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant.

Waste generated in operations

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

662.49

Emissions calculation methodology

Waste categories are broken down into landfill waste, waste incinerated, and recycled waste. Emissions factor were applied to each (applying one figure per waste category globally). Emissions figures from waste are not included as part of our environmental data assurance audit, and are provided here as estimates.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. Waste emissions are determined as not relevant considering the quality and consistency of waste data provided globally. Relevance may be reconsidered at a later date. The calculation is available, therefore it is provided however these emissions are not included in Zurich's publicly disclosed emissions.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

24044.52

Emissions calculation methodology

Zurich follows the methodology defined in the GHG Protocol for travel emissions reporting. Where available, Zurich applies the fuel-based method. Where fuel is not available, Zurich applies the distance-based method. Zurich uses GHG Protocol / IEA factors as our primary emissions factor set.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. Business travel emissions represent a significant portion of Zurich's total emissions. The figure above excludes emissions from Zurich's fleet vehicles, although Zurich does publicly report on total business travel emissions on zurich.com which includes fleet, rail, air and rental cars. Zurich is dependent on suppliers to provide fuel consumption (when available), fuel source and distance travelled to calculate all travel emissions.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. One third of the financial sector companies included in the external benchmarking exercise considered emissions from commuting as relevant. Therefore Zurich is still in line with the majority of companies in the determination that commuting is not a relevant source of emissions. Employee commuting would be very difficult for Zurich to calculate across all global operations. If an estimation methodology was developed and applied, it would be challenging to influence the estimation.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. Zurich includes emissions from all upstream leased assets within our scope 1 and scope 2 reporting.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from downstream transportation and distribution in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant for an insurance company.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from processing of sold products in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant for an insurance company.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from use of sold products in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant for an insurance company.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from end of life treatment of sold products in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant for an insurance company.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from downstream leased assets in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant for an insurance company.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Zurich follows the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions". In 2018 Zurich engaged an external consultant, to help assess the completeness of Zurich's scope 3 emissions inventory. An external benchmarking exercise was also conducted against a limited set of peer and non-peer companies. No financial services peers included in the scope 3 benchmarking exercise included emissions from franchises in their external reporting. This is in line with Zurich's assessment that this emissions category is not relevant for an insurance company.

Investments

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
38885

Emissions calculation methodology
Zurich follows the GHG protocol to calculate emissions from real estate investment properties (electricity and heating data).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation
Zurich does not have a methodology for calculating emissions from all investments, nor do we find investments relevant for our operational footprint. However, Zurich finds it important to calculate emissions from our investment real estate portfolio. Currently, Zurich tracks and reports on the Swiss real estate investment portfolio, as this represents 44% of global direct real estate investment value (less than 3% of the total investment portfolio). The figure above represents data from 2017, as 2018 data is not available in time for this CDP submission. Zurich's carbon and energy reduction targets for our operational footprint (found on: https://www.zurich.com/en/sustainability/climate-change/minimizing-our-environmental-footprint), exclude emissions from investments. Zurich is dependent on suppliers to provide all energy data for investment properties.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Not applicable, Zurich has not identified any "Other (upstream)" emissions sources that are relevant.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Not applicable, Zurich has not identified any "Other (downstream)" emissions sources that are relevant.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.00000108

Metric numerator (Gross global combined Scope 1 and 2 emissions)
50857

Metric denominator
unit total revenue

Metric denominator: Unit total
47180000000

Scope 2 figure used
Market-based

% change from previous year
12

Direction of change
Increased

Reason for change
2018 - 0.00000108 metric tons CO2e per USD 2017 - 0.00000094 metric tons CO2e per USD In 2018, while scope 1+2 emissions have significantly reduced, total revenues have reduced to a more significant degree, hence the 12 percent increase compared to the previous year. Zurich does not consider emissions per revenue dollar a relevant metric to track as revenues are not directly related to our emissions from our operational footprint. Note: Revenue in USD includes USD 4,373 million of BOP revenues for Farmers* (Reference Annual Report 2018 page 263 of the Consolidated financial statements). *The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims administrative, management and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

Intensity figure
1.21

Metric numerator (Gross global combined Scope 1 and 2 emissions)
50857

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
42196

Scope 2 figure used
Market-based

% change from previous year
13

Direction of change
Decreased

Reason for change
Total scope 1 + 2 emissions have decreased from 60,415 tonnes in 2017 to 50,857 tonnes in 2018. This is a result of continuous improvement in our facilities environmental performance resulting from, for example, space efficiency improvements and energy efficiency investments. Our FTE counts have decreased from 43,407 in 2017 to 42,196 in 2018.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	23289.9	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	0.16	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	3.05	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	0
China	11.61
China, Hong Kong Special Administrative Region	0
Indonesia	92.99
Japan	0
Malaysia	0
New Zealand	0
Singapore	0
Austria	621.16
Belgium	163.49
Germany	930.97
Ireland	646.03
Isle of Man	0
Italy	614.5
Luxembourg	4.61
Malta	0
Netherlands	135.13
Norway	0
Poland	0
Portugal	360.9
Qatar	0
Russian Federation	0
Slovakia	0
Slovenia	0
Spain	5.85
Sweden	0
Switzerland	1564.24
Turkey	114.45
United Arab Emirates	0
United Kingdom of Great Britain and Northern Ireland	7458.68
Argentina	0
Brazil	51.14
Bolivia (Plurinational State of)	0
Chile	0
Colombia	0
Mexico	0
Venezuela (Bolivarian Republic of)	0
Bermuda	0
Canada	37.98
United States of America	10479.37

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Oil onsite heating	358.11
Natural gas onsite heating	5301.9
Bio ethanol fleet	0.02
Diesel fleet	5606.31
Petrol fleet	11274.28
Corporate jet	752.5

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Australia	3358.85	3358.85	4431.2	0
China	180	180	272.68	0
China, Hong Kong Special Administrative Region	467.34	467.34	633.69	0
Indonesia	527.17	527.17	716.55	0
Japan	662.64	662.64	1222.13	0
Malaysia	4366.58	4366.58	6332.96	0
New Zealand	12.99	12.99	104.47	0
Singapore	57.41	57.41	131.47	0
Austria	814.07	451.09	2281.91	2349.99
Bahrain	33.04	33.04	46	0
Belgium	16.35	9.71	71.91	0
Cyprus	10.59	12.57	16.26	0
Denmark	8.28	24.06	47.27	0
Finland	4.19	13.78	38.94	0
France	11.01	13.71	236.35	0
Germany	7778.75	2647.71	13137.75	11553.15
Ireland	1131.25	312.8	484.21	2214.38
Isle of Man	152.3	159.68	433.91	0
Italy	1671.41	45.86	120.74	4756.84
Luxembourg	14.14	22.8	49.9	0
Malta	124.68	22.64	34.63	0
Netherlands	88.62	94.76	180.49	0
Norway	0.44	24.85	50.19	0
Poland	109.47	125.76	149.18	0
Portugal	365.63	9.52	24.23	1024.62
Qatar	8.51	8.51	17.48	0
Russian Federation	16.04	16.04	40.52	0
Slovakia	40.11	43.75	236.5	0
Slovenia	3.89	6.53	14.61	0
Spain	1139.28	50.87	113.81	3756.01
Sweden	3.91	11.12	358.87	0
Switzerland	958.89	901.47	4755.38	7610.79
Turkey	137.81	137.81	311.44	0
United Arab Emirates	151.73	151.73	266.89	0
United Kingdom of Great Britain and Northern Ireland	5608.43	1605.96	4364.03	11614.4
Argentina	334.7	334.7	868.68	0
Brazil	206.62	206.62	1316.03	0
Bolivia (Plurinational State of)	0	0	0	0
Chile	1370.11	1370.11	3112.47	0
Colombia	22.27	22.27	110.46	0
Mexico	1480.1	1480.1	3209.94	0
Venezuela (Bolivarian Republic of)	167.34	167.34	591.31	0
Bermuda	155.64	155.64	371.28	0
Canada	216.75	231.38	1425.06	0
United States of America	14891.03	7004.19	14903.32	13232.43

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
district heating	3750.91	3750.91
electricity	45129.46	23812.56

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	Zurich uses the market-based method for reporting scope 2 emissions, therefore we count zero emissions for certified renewable electricity sources. Zurich has decreased overall electricity demand, therefore our renewable electricity kWh have decreased, however overall percent renewables has increased from 54% to 55%.
Other emissions reduction activities	9558.56	Decreased	19	Zurich's scope 1 emissions decreased due to reductions in car fleet emissions (-17%) and onsite heating emissions (-5%). Zurich's scope 2 emissions decreased due to reductions in district heating emissions (-19%) and grid emissions (-17%). Total emissions reduced 9,558.56 / 50,856.58 = 19%
Divestment	106.47	Decreased	0.21	There was a small divestment in the UK during 2018. The locations impacted sourced renewable electricity, therefore the reduction to emissions came from scope 1 emissions only. The percent impact compared to total scope 1 + 2 emissions was 0.21% = 106.47 / 50,856.58
Acquisitions	0	No change	0	There were no acquisitions that resulted in a new business coming under Zurich's operational control during 2018.
Mergers	0	No change	0	There were no mergers that resulted in a new business coming under Zurich's operational control in 2018.
Change in output	0	No change	0	Zurich's output does not have a direct impact on emissions.
Change in methodology	0	No change	0	There were no changes to Zurich's environmental reporting methodology in 2018.
Change in boundary	0	No change	0	There were no changes to Zurich's reporting boundary in 2018.
Change in physical operating conditions	0	No change	0	There were no changes to Zurich's physical operating conditions in 2018, other than those already reported under "Other emissions reduction activities" captured above.
Unidentified	0	No change	0	Zurich is not aware of any unidentified influences on scope 1 and 2 emissions
Other	0	No change	0	n/a

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	0	96243.69	96243.69
Consumption of purchased or acquired electricity	<Not Applicable>	58112.6	47628.01	105740.61
Consumption of purchased or acquired heat	<Not Applicable>	0	20009.1	20009.1
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	51.14	<Not Applicable>	51.14
Total energy consumption	<Not Applicable>	58163.74	163880.8	222044.54

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Jet Kerosene

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
2906.03

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
Fuel from leased corporate jet

Fuels (excluding feedstocks)
Bioethanol

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
14.4

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
Fuel from car fleet

Fuels (excluding feedstocks)
Diesel

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
20895.38

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
Fuel from car fleet

Fuels (excluding feedstocks)
Petrol

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
44913.2

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
Fuel from car fleet

Fuels (excluding feedstocks)
Natural Gas

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
26179.98

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
Fuel for heating

Fuels (excluding feedstocks)
Other, please specify (Oil - type unknown)

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
1334.71

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment
Oil for heating - distinction between gas oil or kerosene unknown.

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Bioethanol

Emission factor
0

Unit
kg CO2e per GJ

Emission factor source
0.00000042 DEFRA Bioethanol (energy) (direct) (8/2018)

Comment

Diesel

Emission factor
-99

Unit
kg CO2e per GJ

Emission factor source
IEA Gas/Diesel oil (direct)

Comment
As per the guidance, we have entered -99 as our emissions factors, as we are not authorized by IEA to publicly disclose their emissions factors.

Jet Kerosene

Emission factor
-99

Unit
kg CO2e per GJ

Emission factor source
IEA Jet kerosene (direct)

Comment
As per the guidance, we have entered -99 as our emissions factors, as we are not authorized by IEA to publicly disclose their emissions factors.

Natural Gas

Emission factor

-99

Unit

kg CO2e per GJ

Emission factor source

IEA Natural gas (direct) Global

Comment

As per the guidance, we have entered -99 as our emissions factors, as we are not authorized by IEA to publicly disclose their emissions factors.

Petrol

Emission factor

-99

Unit

kg CO2e per GJ

Emission factor source

IEA Motor gasoline (direct)

Comment

As per the guidance, we have entered -99 as our emissions factors, as we are not authorized by IEA to publicly disclose their emissions factors.

Other

Emission factor

-99

Unit

kg CO2e per GJ

Emission factor source

IEA Gas / Diesel oil (direct) Global

Comment

As per the guidance, we have entered -99 as our emissions factors, as we are not authorized by IEA to publicly disclose their emissions factors.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	51.14	51.14	51.14	51.14
Heat	27514.69	27514.69	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
Energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type
Wind

Region of consumption of low-carbon electricity, heat, steam or cooling
North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling
13232.43

Emission factor (in units of metric tons CO2e per MWh)
0

Comment

Basis for applying a low-carbon emission factor
Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type
Solar PV

Region of consumption of low-carbon electricity, heat, steam or cooling
Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling
51.14

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
Onsite PV installation on roof at the global headquarters covering portion of electricity demand for the site

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Basis for applying a low-carbon emission factor
Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type
Solar PV
Wind
Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling
Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling
44931.31

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
The majority of renewable electricity for Zurich is sourced in Europe via arrangement with the local utility provider.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Energy usage

Metric value
3.63

Metric numerator
153,316

Metric denominator (intensity metric only)
42,196

% change from previous year
8

Direction of change
Decreased

Please explain
Zurich is focused on reducing our total energy demand as a primary driver for CO2e reduction. Zurich has a public target to reduce our total energy per employee (MWh / FTE) by 20% until 2025, based on a 2015 baseline.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
PwC_ZIG_ltd_Environmental Perf reporting assurance report 2018.pdf

Page/ section reference
All

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100
PwC_ZIG_ltd_Environmental Perf reporting assurance report 2018.pdf

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Scope
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
PwC_ZIG_ltd_Environmental Perf reporting assurance report 2018.pdf

Page/ section reference
All

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100
PwC_ZIG_ltd_Environmental Perf reporting assurance report 2018.pdf

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C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- all relevant categories

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
PwC_ZIG_ltd_Environmental Perf reporting assurance report 2018.pdf

Page/section reference
All

Relevant standard
ASAE3000

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
sustainability highlights 2018.pdf

Page/section reference
Assurance report found on pages 33-34

Relevant standard
ASAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify	ASAE3000 International Standard on Assurance Engagements (ISAE) 3000 (revised) 'Assurance engagements other than audits or reviews of historical financial information' and with ISAE 3410 'Assurance Engagements on Greenhouse Gas Statements'.	Zurich's environmental data assurance audit requires the inclusion of energy data as the base input into our emissions calculations. PwC_ZIG_ltd_Environmental Perf reporting assurance report 2018.pdf
C8. Energy	Renewable energy products	ASAE3000 International Standard on Assurance Engagements (ISAE) 3000 (revised) 'Assurance engagements other than audits or reviews of historical financial information' and with ISAE 3410 'Assurance Engagements on Greenhouse Gas Statements'.	Zurich's environmental data assurance audit requires the inclusion of our renewable electricity certificate confirmation, to ensure we are only counting certifiable renewable electricity sources PwC_ZIG_ltd_Environmental Perf reporting assurance report 2018.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Other carbon tax, please specify (UK CRC Energy Efficiency Scheme)

C11.1c

(C11.1c) Complete the following table for each of the tax systems in which you participate.

Other carbon tax, please specify

Period start date

April 1 2017

Period end date

March 31 2018

% of emissions covered by tax

41

Total cost of tax paid

171865.53

Comment

Facilities emissions in the UK make up 41% of total emissions (facilities emissions + business travel emissions = total emissions). However the CRC calculates carbon differently than Zurich, e.g. they use their own conversion factors and they apply the carbon tax even where renewable electricity is sourced. Therefore the % of emissions covered by tax should be considered a best estimate. The total CRC charge paid in 2018 was GBP 134,838.80. (1.2746 exchange rate used to convert GBP to USD 171,865.53)

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Zurich's has very detailed and well organized environmental reporting and carbon accounting practices in place to ensure accurate and high-quality reporting. We are actively pursuing emissions reductions activities such as purchasing renewable electricity, implementing energy efficiency measures, and moving to more energy efficient locations with more efficient use of space. For example, in the UK, since 2015 significant space efficiency gains have been realized as a result of our activity-based workplace strategy. Zurich works to ensure we are aware of upcoming changes to the carbon pricing regulations in all the markets where we operate.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Forests

Project identification
Rimba Raya Biodiversity reserve project in Indonesia https://rimba-raya.com/

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
80000

Number of credits (metric tonnes CO2e): Risk adjusted volume
80000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Stakeholder expectations

Drive energy efficiency

Drive low-carbon investment

GHG Scope

Scope 1

Scope 2

Scope 3

Application

Zurich offsets 100% of emissions included within our target reporting boundary (Scope 1: onsite heating and fleet; Scope 2: electricity and district heating purchased; Scope 3: air, car rental and rail business travel, and fuel and energy related activities). The costs for offsetting are transferred back to our business units.

Actual price(s) used (Currency /metric ton)

4.8

Variance of price(s) used

Currently, Zurich charges the direct price of our Voluntary Emissions Reductions Certificates (USD 4.80 per VER)

Type of internal carbon price

Internal fee

Offsets

Impact & implication

Zurich's internal carbon price is currently covered partially via an internal rebate received, and partially via the Z Zurich Foundation, a charitable foundation funded by Zurich. Starting in 2018, the foundation will be reducing its support, which will be replaced by a direct internal charge to all business units, based on their proportion of emissions from the previous year.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change in supplier selection / management mechanism
Code of conduct featuring climate change KPIs
Climate change is integrated into supplier evaluation processes

% of suppliers by number
10

% total procurement spend (direct and indirect)
25

% Scope 3 emissions as reported in C6.5
0

Rationale for the coverage of your engagement
Due to the nature of our business, we are predominantly a consumer of services, and not products or raw materials. Compared with other industry sectors such as manufacturing, the risks associated with the environmental, social and governance impact of Zurich's supply chain are low. Nonetheless, we are committed to effectively managing such issues within our supply chain. We aim to work with suppliers who share our values, and we expect high standards of business conduct from those who represent us or do business with us. Zurich's code of conduct applies to all third parties who work on Zurich's behalf, such as consultants, advisors, service suppliers or agents must comply with the provisions of our code as specified in their contractual agreements with us. We are continually working to improve policies, processes and guidelines for managing sustainability issues in the supply chain. Zurich ensures that sustainability is an integral part of its sourcing and procurement function to ensure that we are able to uphold our commitment to sustainability through the products and services we purchase, and contractual agreements we enter into. In 2018, Zurich in the UK launched its Supplier Accreditation Scheme. The scheme which encourages sustainable business practices and sustainability in the supply chain, measures suppliers against robust criteria, including their impact on the environment, their diversity and inclusion approach, workplace rights, governance and their community activity. Suppliers are asked to complete a comprehensive questionnaire, and Zurich's in-house experts score the suppliers' response. If the supplier's application is successful, a gold, silver or bronze accreditation is awarded, as measured against the criteria. In 2019, Zurich plans to expand the accreditation scheme beyond the UK.

Impact of engagement, including measures of success
We incorporate appropriate evaluation criteria to assess the goods and services we buy, taking into account environmental, social and governance (ESG) factors in line with best value and in compliance with relevant legislation. We also ensure relevant sustainability clauses are included in contracts with suppliers, such as ethical conduct and labor, health and safety and environmental standards. In addition, we strive to develop an understanding of the ESG impact on the diversity of goods and services we buy, while implementing processes to ensure these factors are taken into account on an on-going basis. Reflecting our commitment to promoting supplier diversity, we engage a wide range of different suppliers, aimed at giving Zurich the possibility to source from the most suitable, agile and innovative companies. Internally, we also analyze key data and insights to review and improve policies, processes and guidelines for managing sustainability issues in the supply chain. To foster awareness among Zurich's employees and support our efforts, our employees are encouraged to take into account the ESG impacts of their purchasing activity. Our work with social enterprises is one example of how Zurich is ensuring its supply chain takes into account sustainability. In 2016, Zurich in the UK signed up to Social Enterprise UK's 'Buy Social' Corporate Challenge, which commits a group of high profile companies in different types of industries to spend GBP 1 billion in total by 2020 on purchasing goods and services from social enterprise companies. The initiative, set up by Social Enterprise UK and the Cabinet Office, promotes sourcing and buying from British social enterprises. These are businesses that reinvest their profits to address social and environmental issues — from homelessness and unemployment to landfill waste and climate change. For example, in 2018 we purchased reusable water bottles for all employees in the UK from a social enterprise that invests 20 percent of revenues to fund water projects in Africa. This supports a move away from disposable cups and promotes drinking more water during the work day, which provides both environmental and health benefits. We are also continuing to drive waste reduction globally within our catering supply chain and use more sustainable products.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Other, please specify (Zurich provides products and services that support the transition to a low carbon economy.)

Details of engagement
<Not Applicable>

% of customers by number
0.01

% Scope 3 emissions as reported in C6.5
0

Please explain the rationale for selecting this group of customers and scope of engagement
Prioritization is driven by the level of market and customer receptivity in the markets and customer segments we have prioritized in our business strategy. We also work with our corporate customers in the automotive, power generation and infrastructure sectors to support their evolving needs as they move towards low carbon alternatives. One example includes the introduction of electric vehicle insurance propositions in Ireland, Switzerland, Germany, Spain, Austria and Portugal. These are among the first customized electric vehicle insurance products globally and they support the move toward more environmentally-friendly transportation. In Germany, Zurich provides award-winning additional accidental damage cover for batteries used in electric cars, commercial electric vehicles, and electric motor bikes. In Switzerland, Ireland, Spain, Austria and Portugal, Zurich offers insurance discounts for these vehicles. In Ireland, Spain, Germany Austria and Portugal, Zurich also innovatively addresses the fear of running out of electricity mid-journey by providing tailored breakdown assistance for our private electric car customers. This involves Zurich committing to tow customers' electric cars at no extra cost to the nearest recharging station in the event that they run out of charge.

Impact of engagement, including measures of success
As electric vehicles are an emerging technology, differences in annual premium income between countries range from below USD 55,000 to over USD 555,000. Percentage of customers figure is maximum electric vehicle gross written premium (GWP)/Property & Casualty revenues in 2018. A customer example which can be found at https://www.zurich.com/en/knowledge/articles/2017/10/taking-an-e-motional-approach-to-high-performance-driving - extract as follows: "There’s a shiny yellow Tesla Model 2.5 Roadster parked next to the office football table. Charging up outside there’s another Tesla, this one a brand-new Model S. The owner of both cars, Stephan Schwarz, is an architect by trade and president of the Swiss Tesla Owners Club. And a Zurich customer. Schwarz bought the Roadster in 2011. Back then, few, if any other insurers in Switzerland besides Zurich offered coverage for Teslas. “It was quite clear that you went to Zurich for the insurance,” he says. “Zurich entered the market early, and provided a good offer,” he recalls, which included a discount for driving an electric vehicle."

Type of engagement
Collaboration & innovation

Details of engagement
Other – please provide information in column 5

% of customers by number
15

% Scope 3 emissions as reported in C6.5
0

Please explain the rationale for selecting this group of customers and scope of engagement
Our risk management approach uses a process of continuous improvement that starts with us understanding our customers’ business and identifying the associated risks. Our risk engineers assess and grade a customer’s exposures, helping them to prioritize and manage their risks. Our findings allow us to share insights based on best practice, industry benchmarks and loss history with our customers, and suggest risk improvement actions. Note: Percentage relates to an approximate percentage of Zurich's Commercial insurance gross written premium.

Impact of engagement, including measures of success
The Risk Engineering function has a dedicated team advising customers on physical and organizational resilience to natural hazards and climate change. Such assessments consider supply chain and infrastructure reliability. Their advice covers existing assets and future investments e.g. support to customers on natural hazard-related risks for new projects, from the land acquisition to engineering design phases. Zurich Risk Engineering provides environmental sustainability by: helping prevent losses that may otherwise harm the environment, such as serious fires and pollution; if things go wrong, through our proactive risk improvement action management programs, we help mitigate losses and reduce their environmental impact; supporting customers with new build projects suggesting the latest safety design features and use of sustainable materials. Sharing our expertise and contributing to global thinking to mitigate risks around flood and storm. Our Risk Engineers also help customers with practical implementation of risk mitigation and adaptation measures into planning for business continuity, emergency response, supply chain management and infrastructure sourcing.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

We have allocated over six percent of our investment portfolio to real estate, around half of which is currently held in Switzerland. We are committed to reducing the energy consumption and carbon emissions of our Swiss real estate portfolio by 20 percent by 2020, and 80 percent by 2050, against a 2010 baseline. By the end of 2017, energy consumption has been reduced by 10 percent and greenhouse gas emissions by 14 percent, compared to the baseline. (2018 data will be available in Q1 2020.) Currently we are investing in refurbishing and re-developing our properties to achieve these targets.

Another example relates to our work with social enterprises. In 2016, Zurich in the UK signed up to Social Enterprise UK's 'Buy Social' Corporate Challenge, which commits a group of high profile companies in different types of industries to spend GBP 1 billion in total by 2020 on purchasing goods and services from social enterprise companies. The initiative, set up by Social Enterprise UK and the Cabinet Office, promotes sourcing and buying from British social enterprises. These are businesses that reinvest their profits to address social and environmental issues - from homelessness and unemployment to landfill waste and climate change.

As a responsible investor, we use capital markets to search for – and fund – solutions to many of the pressing social or environmental issues of our time. Zurich is committed to making up to USD 5 billion in impact investments. Achieving this level, will, we believe, avoid 5 million tons of CO2-equivalent emissions per year, and separately, make a positive contribution to the lives and livelihoods of 5 million people. Zurich evaluates impact investments within the context of specific asset classes and creates dedicated strategies for impact investments within those classes. While continuing to make systematic use of environmental, social and governance (ESG) data in investment decision-making, we will look at a variety of ways to grow our impact investment portfolios around the world. From a climate change perspective, we focus on:

- Green bonds: The green bond market has shown impressive growth over the past several years. As of December 2018, Zurich had invested USD 2.7 billion in green bonds.
- Impact private equity: We will keep working toward our 10-percent impact target in private equity.
- Impact infrastructure private debt: Including direct private debt lending toward infrastructure such as solar/wind farms and social institutions. Zurich will evaluate new prospective opportunities across asset classes to broaden the approach and increase the investment volume.

Based on our engagement policy, whenever a company initiates dialogue through investor calls, roadshows, or meetings, investment professionals at Zurich are required to a) review ESG performance and controversial business practices and bring up material ESG topics in the discussion and b) cite the importance of sustainability, and hence company transparency, in their sustainability strategy and material ESG factors. Engaging on climate change topics is also one of the 7 strategic points in our climate change investment strategy. A priority for 2018 was to drive a top-down engagement campaign, which Zurich did in connection to divesting from companies that generated more than half of their revenues from mining thermal coal or had more than 50% of coal in their power generation mix. Insights gathered through this process were shared with portfolio managers. In 2018, we developed an impact measurement framework to track the success of our impact portfolio. Zurich's pilot study of the majority of its impact investments revealed that it helped to avoid 3.4 million tons of CO2-equivalent emissions and, separately, improves the lives of 2.4 million people annually, as of December 2018.

Also, by using Zurich's risk expertise as a global insurer, we can help customers and communities reduce the devastating impacts of floods - even before a flood hits - and build community flood resilience in a more integrated way. The Zurich Flood Resilience Alliance, a multi-sector partnership focusing on finding practical ways to help communities strengthen their resilience to floods globally – and save lives was launched in 2013. In the first phase of the program, we have reached over 225,000 direct beneficiaries across our 13 programs in nine countries. In the second five-year phase of the program launched in July 2018, Alliance members aim to increase the investment going into pre-event resilience building by USD 1 billion. We already know that every USD 1 invested in prevention saves on average USD 5 in future losses. In addition, work has continued on early warning systems, increasing lead times from as little as two hours to as much as seven hours in major river basins in Nepal, giving people more time to get to safety.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Funding research organizations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	In the last two years Zurich participated in the insurance workstream of the Green Finance Taskforce (GFT) which led to the recommendation to improve climate risk management with advanced data. In June 2018 the UK government announced that it will fund a new Green Finance Institute alongside the City of London Corporation to "champion sustainable finance" in the UK and abroad, helping to develop the UK’s green finance market and mobilise the investment required to reach the country’s climate targets.	Policy outcome: The launch of an institute to develop the UK’s green finance market was a key recommendation from the government’s green advisers in March 2018. The Green Finance Taskforce has also called for a re-launch of the UK’s green finance activities through a new unified brand, and the integration of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations through the UK’s corporate governance and reporting framework.
Adaptation or resilience	Support	Engagement process: Zurich has engaged directly with policy makers on what role insurance can serve in society. We have engaged in discussions, workshops and task groups convened by United Nations Framework Convention on Climate Change (UNFCCC), the Global Resilience Partnership, International Energy Agency, International Finance Corporation, European Commission, UK Department for Energy and Climate Change (DECC), Organization for Economic Co-operation and Development (OECD), United Nations, US National Association of Insurance Commissioners (NAIC), US House of Representatives, US Senate, US Department of State, US Council on Environmental Quality (US CEQ), US Office of Science and Technology Policy (US OSTP), US Environmental Protection Agency (US EPA), National Aeronautics and Space Administration (NASA), US National Oceanic and Atmospheric Administration (US NOAA), US Department of Commerce, US Department of Homeland Security, and the World Bank.	Actions / Policies advocated: We have advocated: - for the expanded use of insurance as a method for facilitating adaptation to climate change impacts in collaboration with improved building codes. - to expand the use of insurance in flood zones in combination with risk reducing building codes and public infrastructure improvements. - for the deployment of new technologies in a manner which clearly weighs all costs and benefits to the deployment. Our message remains consistent in core content: Insurance has the ability to encourage risk reduction both ex-ante and ex-post loss by establishing risk-based pricing signals in the form of premium charges (e.g. riskier behaviour or conditions result in higher premiums) and delivering claims services which improve resilience where required by law or contract and permitted by law. We have advocated for the efficient use of financial resources to build resilience by mainstreaming risk and resilience thinking into all three major global ambitions, namely UNFCCC, UNDRR and the SDGs. We are asking for policy makers and decision-making authorities to promote and implement climate-smart, risk-informed development and to foster policies that improve the condition of current risk (corrective risk reduction) and to ensure the creation of new risk is avoided through appropriate policy instruments such as land zoning, financing of large scale green, blue combined with grey infrastructure measures as well as e.g. building codes (prospective risk reduction).

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	Topics of Engagement: We have provided specific focus on wildfire, carbon capture and sequestration, flood resilience and loss and damage dialogues. Specific details of local wildfire efforts: Farmers Group, Inc. (a wholly owned subsidiary of Zurich Group) is active on multiple climate related fronts. It manages participation in the efforts of the Institute for Business and Home Safety (IBHS) to encourage household mitigation against the threat of fire. IBHS adopts and periodically revises a set of best practices to educate homeowners on how to create a fire-resistant home. It also supports the Fire Services Training Institute, which provides training to the volunteer public safety community including non-profit, industrial, and tribal fire agencies, and whose mission is to bring quality training to fire fighters and to promote community safety. It has also engaged with policymakers to secure U.S. federal government funding for much needed forest thinning / fire abatement projects, in the wake of increased incidences of wildfires. Farmers Group Inc. has attended joint meetings with federal policymakers and SBP (formerly Saint Bernard Project) to discuss climate-resilience related legislative proposals. Farmers Group Inc. is a partner of the federal government in the National Flood Insurance Program, and its input was sought by Congressional offices specifically in the context of its experience in communities where SBP is leading recovery efforts.	We have emphasized that insurance works best and most straightforwardly in protecting private assets, but climate change risk impacts both private assets and public goods. As such, public assets managers must similarly manage climate related risks to get the best value to society out of climate risk management tools / insurance for private assets. Subsidies can encourage building in risk places. Subsidies can also encourage the deployment of technologies that are not economically viable. Superstorm Sandy, the 2017 devastating hurricane season including Hurricane Harvey- induced catastrophic flooding in the Houston, Texas region and additional flooding events provide a specific driver for extended public policy dialogue about climate related risk and resilience. With regards to wildfire risks, where possible funding should be directed to fire abatement efforts to reduce damage when these events occur.
Adaptation or resilience	Support	With the increasing frequency of catastrophes across the U.S. we have seen multiple proposals by federal/state regulators and legislators that have the potential to change the insurance regulatory environment for catastrophic events in certain jurisdictions. These items have focused primarily on issues related to insurance policy coverage disclosures, data calls, use of deductibles, claims investigation, moratoria, mediation, and specific underwriting restrictions. In the state and federal regulatory space, Zurich has testified before the National Association of Insurance Commissioners (NAIC) to promote the importance of pre-event mitigation and resilience. We continue to engage with individual state insurance commissioners on flood hazards to educate/advocate on the benefits of pre- mitigation and resilience. On the federal level, Zurich continues to work with the Administration and Congress in two key areas. First, the focus is on pro-resilience policy focusing on mitigation, preparedness, response, and recovery. Second, Zurich is working with the Congressional Committees of jurisdiction on reforming the National Flood Insurance Program, providing our risk expertise to reduce the impact of floods by understanding the cost benefits of pre-event mitigation to create resilience. Unfortunately, Congress has been unable to move forward with any reforms.	Within the NFIP reform movement, Zurich is focusing its advocacy on elevating the importance of pre-event mitigation and preparedness through a variety of policy discussions including: developing early warning systems to build resilience and mitigate risk; fully developed flood emergency and contingency checklists and plans ahead of any event; the creation of pilot programs within the NFIP based on past post-event review capability (PERC) assessments and published PERC studies on South Carolina and Harvey and Florence to incorporate its lessons into legislation for all stages of the disaster risk management cycle. Zurich is working with federal legislators on the Disaster Recovery Reform Act (DRRA) around provisions around how communities prepare for, respond to, and recover from disasters. We are closely following the implementation of the new law.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	Following a number of severe weather events in Ireland, flood cover had been removed or restricted by insurers from some affected areas. In response to the flood problem, the government is investing in improving flood defences and where this can be shown to reduce the risk to acceptable levels, some Insurers, including Zurich, have been willing to reconsider the provision of flood cover. However, many people will remain without flood cover, affecting their financial security and ability to sell their house. Insurance Ireland continues to engage with government and the government agency with responsibility for flood defences (the Office of Public Works (OPW)).	Zurich has been actively engaged with the Property Flood Resilience Roundtable to help produce a code of practice around flood resilience measures. This is a critical deliverable for the Roundtable and we look forward to its publication later this year. We note that Flood Re only provide reinstatement on a like-for-like basis and moving forward we would call on Flood Re to formally acknowledge that where resilient repair can be included, and is cost neutral, that they support this. Communication and awareness are key to managing flood risk and encouraging flood resilience measures but quantitative statements about risk can be misinterpreted. In particular, we consider that the "1 in 100" year flood return period formulation is not effective in communicating the degree of flood hazard. It is hard for customers and the general public to interpret from this information the probability of flooding and subsequently underestimating that they need to take steps to reduce their own risk. Zurich has, therefore, proposed moving away from the use of return periods to communicating flood hazard as a certain percentage chance of occurring over a period of time relevant for the audience. For example, a 1 in 100-year flood risk over a 30-year period (the average lifetime of a private home mortgage) equates to a 26 percent chance of being flooded at least once during those 30 years.
Adaptation or resilience	Support	Zurich's flood resilience program has developed a detailed methodology, the Post Event Review Capability (PERC), to review large flood events to investigate what went wrong and what can be improved to avoid similar losses in future floods. Zurich conducted these studies in Germany, Switzerland, Morocco, Nepal, Peru, the US and the UK. For both developed and developing countries, these studies highlight the strengths of early warning systems, green infrastructures and community engagement while being challenged with lack of maintenance of physical infrastructure, lack of risk awareness among the population and limited investments and incentives for investments in risk reduction measures.	In the US the post event reviews have enabled discussions with the US representatives working to reform the National Flood Insurance Program but also with state decision makers where the studies were conducted. We presented before the NAIC Catastrophic Insurance Working Group in December 2016 on findings and recommendations to insurance commissioners. We have actively shared our learnings with FEMA, Department of Natural Resources, Directors of Environmental Affairs and Health Services, Department of Health and Environmental Control, Department of Insurance, Office of Regulation, Department of Homeland Security, all in South Carolina. In the UK, as well as being represented on four out of the five working groups of the roundtable development group hosted by the UK Department for Environment, Food and Rural Affairs (DEFRA) Zurich has also actively engaged Parliamentary stakeholders on a number of key flood resilience issues identified in the post event reviews. In particular, as part of our Parliamentary stakeholder engagement, we have discussed the need to improve the communication of flood risk, highlighting our desire to move towards the communication of flood risk as a probability over a defined period and away from misleading return periods (1-in-100 flood risk over a 30-year period equates to a 26 percent flood risk chance). Similarly, we have highlighted our concerns that the government's National Planning Policy Framework (NPPF) "safe for its lifetime" definition needs clarifying and have highlighted that "safe for its lifetime" should take into account the flood risk at the 1-in-500 return period plus climate allowance for river and sea flooding. This also formed a central aspect of our recent Parliamentary flood resilience roundtable where we discussed with MPs: Zurich's Global Exposure and Accumulation Management (GLEAM) flood mapping tool and communicating flood risk; improving property level resilience and access to grants; and lessons learnt from our PERC reports. Through our Post Event Review Capability (PERC) series, we have provided learning reports about why events turn into disasters, how recovery can be used for building back better and how past events can help us learn build resilience to future events. We have published a review on Hurricane Florence in the US as well as a compilation of all global lessons learnt from 14 PERC reports.
Adaptation or resilience	Support	Engagement with the Swiss Agency for Development and Cooperation (SDC): The Zurich flood resilience program has an ongoing collaboration with the SDC in sharing our learnings and expertise from enhancing flood resilience. Zurich was again part of the official Swiss delegation to the UNDRR Global Platform on Disaster Risk Reduction in Geneva in 2019, representing the private sector (where SDC and the Swiss government were the co-host of the conference).	Zurich is engaging on the adaptation of the Sendai Framework for Disaster Risk Reduction in Switzerland and at global level for advocacy and policy purposes. We are supporting the SDC through their disaster risk reduction network, bringing in the private sector and insurance industry skillset. In particular, the resilience measurement approach as well as the Post Event Review Capability (PERC) are two particular tools of interest to share with their national and international practitioners in the field. Zurich has been engaging through the World Economic Forum's support of the UK government's adaptation & resilience workstream to the preparation of the 2019 Climate Summit. Zurich employees are also advising the United Nations High-Level Experts and Leaders Panel on Water and Disasters (UN HELP) at their twice-annual meetings to incentivize more investments to be made in pre-event risk reduction from water-related disasters.
Adaptation or resilience	Support	Engagement with the European Commission and Parliament on the measures mentioned in the European Action plan on Sustainable Finance. Zurich participated through Insurance Europe and the European Financial Services Round Table (EFR) to liaize with the European Commission Representatives. Zurich's responsible investment team met with the representatives from France, Austria and Sweden on sustainable investment.	In May 2018, the Commission adopted a package of measures implementing several key actions announced in its action plan on Sustainable Finance. Zurich's responsible investment team participated in various workshops and attended meetings with EU institutions and Member States representatives on Sustainable finance and sustainability risks.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	Zurich was actively engaged in the COP23 in Bonn, Germany and in COP 24 in Katowice, Poland. We continue our commitment to improving resilience to floods and the important role that the private sector plays. We provided new policy briefs with findings to overcome investment barriers for resilience and how new, innovative financing for resilience can be implemented.	In 2015/16 the Z Zurich Foundation invested USD 10 million into the Global Resilience Partnership's (GRP's) Water Window Challenge. Through this program, funding was made available to 12 teams, mainly in South and South East Asia, with one project located in Kenya. Five of the teams had already tested ideas and were using the funding to scale them to more people. Seven of the teams were testing new ideas. The projects ran from January 2017 to March 2019, with the majority closing by the end of 2018. A final report from the GRP will be delivered by mid-2019. At the end of December 2018, the projects reported that in total they had reached 459,969 beneficiaries, which represented 61% of the targets. Final numbers will be made available in mid-2019, and we will publish the outcome during the year. Highlights of the program so far: • The Zurich Flood Resilience Measurement for Communities tools were deployed in both Bangladesh, by Practical Action, and in Indonesia by Mercy Corps. • The floating house project led by BRAC University in Bangladesh has won a Risk Award sponsored by Munich Re Foundation, including additional funding of EUR 100,000, recognizing the innovative nature of the project, which the seed grant allowed them to test. • The Mangrove project in Sri Lanka led by Seacology was awarded a UNFCCC Momentum for Change Lighthouse Award in 2018 for helping Sri Lanka become the first nation in history to preserve and replant all of its mangrove forests. • The project partner Atma Connect, working with Mercy Corps in Indonesia to make flood warnings and information accessible to communities was shortlisted for the UNDRR Sasakawa Award. As was Seacology. In October 2018, GRP brought all of the projects together to a learning workshop in Nepal, which aimed not only to showcase progress with the projects, but to create a space for teams to share the challenges that they had faced and the lessons they had learned – not only from success but also from the things that went wrong. This has led to conversations about how projects can be extended or expanded, with GRP providing consultancy and advice services. During the year, GRP overhauled their governance model, and the Z Zurich Foundation was invited to join their Advisory Council to support the new direction.
Adaptation or resilience	Support	Zurich is part of the Department for Environment, Food and Rural Affairs' (Defra) Taskforce on Flood Resilience. This was established following the UK storms of late 2015/early 2016. This is a government- sponsored initiative to bring multiple stakeholders together to raise awareness and increase take-up of flood resilience measures. A number of Zurich employees sit on the Defra (Department for Environment Food and Rural Affairs) roundtable on Flood Resilience which meets to discuss flood risk management and how best to respond to floods in the UK. The roundtable is attended by government ministers, Defra and Environment Agency representatives, the Association of British Insurers (ABI), representatives from other insurance firms and loss adjustors, small business representatives and resilient repair firms. Zurich is represented on four sub- working groups which report back to the roundtable - Immediate Response, Embedding Resilience, One Stop Internet Shop for Guidance and Certification, Standards and Skills	The Bonfield report was published in 2016 and focussed on improving the uptake of flood resilience measures and proposed a number of recommendations for improving individual property resilience, as well as community resilience measures. A key aim of the Bonfield report and the Defra project is to work towards a change in building regulations which we hope will ensure that properties, particularly new stock will have in-built resilience. As part of task group 4 which focuses on 'Skills, Certification and Standards' of resistant and resilient products in a property, it was agreed that a 'Code of Practice' should be developed. This Code has now been finalised and is due to be launched in late 2019. The Code is a set of standards that specify the requirements for good practice at various stages of installing property level resilience within a property. The hope is that the Code can be used to improve the standard and effectiveness of property level resilient measures and improve the level of confidence insurers can have on the measures working and, therefore, reducing the associated claims costs of flooded properties. It is hoped that eventually, coupled with developing a database of properties that have these measures and detail of their level of effectiveness, that insurers will be able to take these measures into account more easily. The other work streams are continuing, most notable alongside the Code is the Building Research Establishment's (BRE) work to provide accredited training, with a number of courses already up and running, as well as the drive to introduce a kite mark for flood resilience products. This is to ensure that consumers and insurers can have confidence that all aspects of the resilience fulfilment process (such as flood surveying/risk assessment, flood products, installation) to ensure the development of resilient properties. We believe that this will then incentivise the take-up of such measures whilst also ensuring that risks can be more accurately priced, making flood insurance more accessible and affordable whilst reducing claims costs when an event occurs.
Adaptation or resilience	Support	On an EU level, we are providing our risk expertise to reduce the impact of floods by understanding the cost benefits of pre-event mitigation to create resilience. Engagement has taken place with the European Commission, in particular the Directorate Generals for Environment (ENV), Climate Action (CLIMA) and Financial Stability, Financial Services and Capital markets Union (FISMA).	At EU level, Zurich is focusing its advocacy on elevating the importance of pre-event mitigation and preparedness through a variety of policy discussions, including the 2018 Review of the EU Climate Adaptation Strategy, currently being undertaken by DG CLIMA, and discussions related to the Floods Directive, which falls under the responsibility of DG ENV. We also engage with DG CLIMA on the role of insurance in adapting to climate change. We have actively engaged in the public consultation of the EU Floods Directive through the Insurance Europe association body at the European Level as well as provided a Zurich position on the Floods Directive directly to the E.C. As the Zurich flood resilience alliance incl. its tools (PERC and flood resilience measurement) we also engage with the European Commission Floods Working Group, which includes members from different EU Member States. We share our knowledge and insights on flood resilience and climate change related issues with Member States' permanent representations to the European Union in Brussels.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Clean energy generation	Support	In 2018 following on from Zurich's participation in the UK government's Carbon Capture Use and Storage (CCUS) Cost Reduction Taskforce and the Carbon Capture and Storage (CCS) Development Forum, the UK government published the UK CCUS Deployment Pathway: An Action Plan setting out the next steps government and industry should take in partnership in order to achieve the government's ambition of having the option to deploy CCUS at scale during the 2030s, subject to costs coming down sufficiently.	Policy Outcome: The UK government established a new CCUS Council with senior representatives from across the CCUS sector to review progress and priorities on CCUS. The Council is co-chaired by the Minister of State for Energy and Clean Growth and James Smith, Chair of the Carbon Trust. Zurich is represented on the Council by the CCSA, which Zurich continues to be a member of to influence policy in this area. The CCUS Council is the primary forum for engaging the CCUS sector on CCUS. It replaces the CCS Development Forum.
Adaptation or resilience	Support	Zurich participated in the public consultation on Scotland's Climate Change Adaptation Programme 2019-2024.	We have provided answers to the questions in the public consultation process of the Scottish government to enhance their Climate Change Adaptation programme for the next five years. Our answers were based on the experience Zurich has gained through active management and enhancement of skills to climate risks. We advocate for a more integrated approach to climate change mitigation and adaptation, for a systemic approach to thinking about resilience along our own developed model of five capitals and four resilient properties, to ensure green and blue approaches are coupled with grey infrastructure, and to combine climate change, risk reduction and development approaches through climate-smart, risk-informed development.
Adaptation or resilience	Support	In the UK, the Prudential Regulations Authority (PRA) has established a Climate Financial Risk Forum (CFRF) on which Zurich is represented by its EMEA CEO. The aim of this forum is to build intellectual capacity and share best practice. It is co-chaired with the Financial Conduct Authority (FCA). The CFRF brings together senior representatives from across the financial sector including banks, insurers and asset managers. The forum has set up four working groups to produce practical guidance on four specific topic areas: risk management; scenario analysis; disclosure; and innovation. The final outputs will be shared with industry more widely. Building on the Bank of England's insurance and banking reviews, the PRA published Supervisory Statement 3/19 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change'. This Supervisory Statement was published alongside Policy Statement 11/19, addressing the responses from CP23/18 to which Zurich responded.	In the UK, the Prudential regulations Authority (PRA) expects a firm's response to the financial risks from climate change to be proportionate to the nature, scale, and complexity of its business. As a firm's expertise develops, the PRA expects the firm's approach to managing the financial risks from climate change to mature over time. The PRA intends to embed the measurement and monitoring of these expectations into its existing supervisory framework under the following themes: governance, risk management, scenario analysis, and disclosure. In our response to CP23/18 we highlighted that given its complexity and long-term nature, climate change presents both physical risks and transition risks as the planet warms and as society attempts to move to a lower-carbon future. Transitioning to a low-carbon global economy will be potentially disruptive, especially for the carbon intensive industries we all rely on for essential services. However, there may also be positive economic benefits with the creation of opportunities and jobs in specific, low carbon sectors of the global economy. As such, a fair and just transition, respecting the needs and livelihoods of people in regions and segments of the economy that are most affected will need to be balanced against the imperative to decarbonise. Moving forward it is essential that the Bank of England leverages its authority to advocate for an approach to managing the financial risks from climate change beyond the financial services sector. Whilst the financial services sector has a significant role to play it is important that a holistic approach across a range of sectors is adopted given the likelihood for bigger impacts elsewhere.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

ClimateWise

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Zurich in the UK is a member of ClimateWise, a group of insurance company members committed to action, individually and collectively, on climate change. Zurich reports publicly on its own performance against the following recently revised TCFD aligned principles: 1) Be accountable; 2) Incorporate climate-related issues into our business strategies; 3) Lead in understanding risk identification and analysis; 4) Reduce the environmental impact of our business; 5) Inform public policy making; 6) Support climate

awareness amongst our customers/clients; and 7) Reporting. Zurich's ClimateWise submission is published each year alongside our other environmental reporting and commitments on our UK website:
http://www.zurich.co.uk/corporateresponsibility/environment/

How have you influenced, or are you attempting to influence their position?
Zurich has continued its active involvement as a member of ClimateWise, an initiative to encourage the insurance industry to take collective action on climate change. Zurich is represented on the ClimateWise Leaders' Council and the ClimateWise Managing Committee. The ClimateWise Investing 4 Resilience Workstream is focusing on the insurer of the future and this work is being driven by Zurich's Head of Sustainability Risk. This exercise is to envisage what the insurance industry of the future could look like, one that has successfully embedded resilience across its business activities. In addition, Zurich worked with the ClimateWise Insurance Advisory Council on the 'Investing for Climate Resilience' report and on two projects, one looking at the impact of physical climate risks on investment portfolios and the other researching 'How important could exposure to 'transition risk' be for the financial performance of insurers' investments in infrastructure?'.

Trade association
Confederation of British Industry

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Supportive of EU 50% carbon reduction target

How have you influenced, or are you attempting to influence their position?
We are not attempting to influence this (high-level) position.

Trade association
Carbon Capture and Storage Association (CCSA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Carbon Capture and Storage Association (CCSA) exists to represent the interests of its members in promoting the business of Carbon Capture and Storage (CCS). The CCSA works to raise awareness, both in the UK and internationally, of the benefits of CCS as a viable climate change mitigation option, and the role of CCS in moving the UK towards a low- carbon economy.

How have you influenced, or are you attempting to influence their position?
In 2018 and 2019 Zurich has contributed views on the Carbon Capture Use and Storage (CCUS) policy via the CCSA to the new CCUS Council to review progress and priorities on CCUS. Zurich is represented on the Council by the CCSA, which Zurich continues to be a member of to influence policy in this area. The CCUS Council is the primary forum for engaging the CCUS sector on CCUS. CCUS presents a large global economic opportunity and can be used across a wide range of activities such as producing lower emission power, decarbonising industry where fossil fuels are used and/or industrial processes as well as providing a decarbonised production method for hydrogen which can be used in heating, transport and hydrogen fuel cells.

Trade association
The American Property Casualty Insurance Association (APCIA), the Organization for International Investment (OFII), the Institute for Legal Reform (ILR) and the Insurance Information Institute (III).

Is your position on climate change consistent with theirs?
Inconsistent

Please explain the trade association's position
In the US Zurich sits on the board of the American Property Casualty Insurance Association (APCIA), the Organization for International Investment (OFII), the Institute for Legal Reform (ILR) and the Insurance Information Institute (III). We are members of the trade organizations and participate in their processes. These organizations are not single-issue organizations. These organizations have focused on natural catastrophe – not climate change per se. Climate change impacts a variety of issues and we are an advocate for climate change issues within these organizations. We may agree with some but not all of the advocacy positions taken by these trade organizations.

How have you influenced, or are you attempting to influence their position?
The position on governmental intervention for catastrophe related events is consistent with Zurich's to the extent it involves risk-based pricing, the ability to send appropriate price signals to the marketplace, drive robust building codes (including enforcement), and sanctity of contract in post- event environments. We continue to work closely with the trade organizations to share our expertise on catastrophe related regulatory matters and market experience.

Trade association
World Economic Forum

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Zurich is a major contributor to the Global Risk Report, produced by the World Economic Forum. The World Economic Forum's annual Global Risks Report provides leaders from the private and public sectors with an independent platform to map, monitor and mitigate global risks. It analyses the perceived impact and likelihood of prevalent global risks over a ten-year time horizon. In January 2019, the World Economic Forum released the Global Risk 2019 report, which was developed with expert contributions from Zurich and other leading financial and academic institutions. The report identified and grouped risks into the five customary categories: economic, environmental, geopolitical, societal and technological. Environmental risks have grown in prominence in recent years. This trend has continued this year, with all five risks in the environmental category being ranked higher than average for both likelihood and impact over a 10-year horizon.

How have you influenced, or are you attempting to influence their position?
The report takes a 10-year outlook and assesses risks that are global in nature and have the potential to cause significant negative impact across entire countries and industries if they take place. Zurich is partnering with the World Economic Forum because we strongly believe in its value in identifying and discussing themes that shape the global agenda. Zurich has also continued its active involvement in the WEF mainstreaming impact investment initiative.

Trade association
Investment Leaders Group

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The ILG brings together 11 leading asset owners and asset managers in a three-year project led by the University of Cambridge Programme for Sustainability Leadership, with the objective of helping to shift the investment chain toward responsible, long-term value creation

How have you influenced, or are you attempting to influence their position?
Zurich became one of the founding members of the Investment Leaders Group (ILG).

Trade association
Institute for Business and Home Safety (IBHS) Flood Committee

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Institute for Business and Home Safety (IBHS) Flood Committee is the primary technical and advisory committee for the National Flood Insurance Program (NFIP), and the Farmers Group Inc. (a wholly owned subsidiary of Zurich Group). The Flood Program Manager serves on the committee. The NFIP is one of the most successful public/private partnerships in the U.S. government and the IBHS flood committee is one of the reasons for that success. The IBHS Flood committee serves as the link between the National Flood Insurance Program (NFIP)/Federal Emergency Management Authority (FEMA) and the insurance carriers which sell and service NFIP flood insurance.

How have you influenced, or are you attempting to influence their position?
By working together with FEMA to increase pre-event mitigation, we help improve the NFIP and help the NFIP to achieve its goals.

Trade association
Institute for Business and Home Safety (IBHS), including IBHS' Research Advisory and Commercial Lines Committees

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Insurance Institute for Business & Home Safety (IBHS) is an independent, non-profit, scientific research and communications organization supported solely by property insurers and reinsurers. IBHS's building safety research leads to real-world solutions for home and business owners, helping to create more resilient communities. The work that IBHS performs is intended to establish clear, scientifically sound benchmarks for disaster resistant construction in part to influence commercial and residential building codes. Zurich sits on the Research Advisory Committee and the Commercial Lines Committee

How have you influenced, or are you attempting to influence their position?
Through our engagement with IBHS we influence the projects performed towards the work that will drive greater use of improved construction standards.

Trade association
Principles for Responsible Investment (PRI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system.

How have you influenced, or are you attempting to influence their position?
Zurich is a member of the PRI's environmental and social-themed investments working group.

Trade association
Geneva Association

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Zurich is a signatory of the Climate Risk Statement of the Geneva Association. Zurich is also a member of the Extreme Events and Climate Risk Working Group which is investigating and reporting on current best practices of global, integrated flood risk management.

How have you influenced, or are you attempting to influence their position?
Zurich is a signatory and therefore supports the statement.

Trade association
UNEPFI: United for disaster resilience

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Zurich is a signatory of the UNEPFI: United for disaster resilience statement.

How have you influenced, or are you attempting to influence their position?
Zurich is a signatory and therefore supports the statement.

Trade association
Global Impact Investing Network

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Global Impact Investing Network (GIIN) is a non-profit organization dedicated to increasing the effectiveness of impact investing.

How have you influenced, or are you attempting to influence their position?
Zurich is a member of the Global Impact Investing Network's (GIIN) Investors' Council.

Trade association
Association of British Insurers

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The ABI's work on climate change is focusing on both adaptation and mitigation strategies with its members to aid the transition to

a low carbon economy. This includes working with government and insurance industry regulators to ensure that buildings and communities are resilient to the effects of climate change in the long term as well as promoting ways in which the insurance industry can support the growth of the low carbon economy such as insuring renewable energy generation and investing in green infrastructure.

How have you influenced, or are you attempting to influence their position?
We support the ABI's focus on climate change and its focus on both adaptation and mitigation. In particular, Zurich is working in collaboration with the ABI to help better understand and mitigate flood risk exposure as well as the grants available for flood resilience measures and the government backed approach for risks unable to find cover in the commercial market. Moreover, we have welcomed the ABI's support in understanding how the industry can support the growth of the low carbon economy and, as part of this, investing in green infrastructure.

Trade association
Green Bond Principles

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Green Bond Principles (GBP) are a non-profit industry association that aims at increasing the flows of capital for environmental impact via the establishment and support of global green bond markets.

How have you influenced, or are you attempting to influence their position?
Zurich is a member of the Executive Committee and Steering Committee of the Green Bond Principles (GBP).

Trade association
Paris Pledge for Action

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The pledge demonstrates that non-Party stakeholders are ready to play their part to support the objectives of the Paris Agreement. By joining the pledge, businesses, cities, civil society groups, investors, regions, trade unions and other signatories promise to ensure that the ambition set out by the Paris Agreement is met or exceeded to limit global temperature rise to less than 2 degrees Celsius.

How have you influenced, or are you attempting to influence their position?
Zurich is a signatory and therefore supports the statement.

Trade association
UNEP FI Principles for Sustainable Insurance

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) serve as a global framework for the insurance industry to address environmental, social and governance risks and opportunities.

How have you influenced, or are you attempting to influence their position?
Zurich is a signatory of the Principles for Sustainable Insurance. Signing the UNEP FI Principles for Sustainable Insurance allows us to build on those efforts by being part of the broader dialogue on the role insurance plays in shaping a more resilient tomorrow.

Trade association
The Investor Agenda

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Investor Agenda provides the guidance investors need to act boldly, swiftly and collectively to help keep global temperature rise below 2° Celsius. It will also amplify investor voices calling for government implementation of the Paris Agreement, and increased support for low-carbon initiatives by policymakers.

How have you influenced, or are you attempting to influence their position?
Zurich is a signatory to the 2018 Global Investor Statement to Governments on Climate Change.

Trade association
Swiss Sustainable Finance (SSF)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
SSF's goal is for Switzerland to become a leading centre for sustainable finance, offering growth opportunities for the Swiss economy and benefitting society at large. SSF advocates to strengthen the position of Switzerland in the global marketplace for sustainable finance by informing, educating and catalysing growth.

How have you influenced, or are you attempting to influence their position?
Zurich Invest Ltd (ZIAG) joined the Swiss Sustainable Finance (SSF) network in spring 2019 and aims to promote sustainable finance as a core competence of the Swiss financial center. Zurich Invest Ltd manages the Zurich Investment Foundation (ZAST) which is Switzerland's largest non-bank investment foundation with over CHF 20 billion in assets under management, providing pension plans with a wide range of investment solutions.

Trade association
Swiss Insurance Association (SVV)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Swiss Insurance Association (SVV) and its members are committed to a sustainable economy. The goals for sustainable development set out in the UN Sustainable Development Goals (SDG) form a central component of insurers' business models. The association advocates for the insurance industry to become climate-friendly, positions the industry as actively committed to climate policies that contribute to achieving the objectives of the Paris Agreement and as supporting voice in favour of measures to adapt to climate change.

How have you influenced, or are you attempting to influence their position?
Zurich is an active and leading voice within the association, notably with regards to sustainability in general and to responsible investment in particular.

Trade association
Swiss Business Federation Economiesuisse

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Economiesuisse stresses the global dimension around the challenges of climate change and advocates for an internationally coordinated approach that leaves room for entrepreneurial solutions, embraces new technological developments and sets innovation-friendly framework conditions.

How have you influenced, or are you attempting to influence their position?
Zurich and other Swiss insurers represent the insurance industry within the Swiss Business Federation Economiesuisse and is actively engaged in various bodies of the Federation.

Trade association
Insurance Development Forum

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The IDF is a public-private partnership consisting of insurers, development agencies, NGOs and others focused on utilizing the insurance mechanism to reduce the protection gap in vulnerable communities, particularly in the developing world.

How have you influenced, or are you attempting to influence their position?
As a member of its Policy and Regulatory Affairs working group Zurich is working directly with insurance supervisors to encourage a climate-sensitive risk-aware approach to insurance regulation, macro-prudential supervision and other national policies.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Based on our engagement policy, whenever a company initiates dialogue through investor calls, roadshows, or meetings, investment professionals at Zurich are required to a) review ESG performance and controversial business practices and bring up material ESG topics in the discussion and b) cite the importance of sustainability, and hence company transparency, in their sustainability strategy and material ESG factors. Engaging on climate change topics is also one of the 7 strategic points in our climate change investment strategy. A priority for 2018 was to drive a top-down engagement campaign, which Zurich did in connection to divesting from companies that generated more than half of their revenues from mining thermal coal or had more than 50% of coal in their power generation mix. Insights gathered through this process were shared with portfolio managers.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

To ensure consistency Zurich published its climate change position statement. On flood resilience specifically, Zurich has developed a public policy position on flood resilience that has been shared with relevant employees engaging policy makers on the topic. We also publish “Risk Nexus Issue Briefs” on topics to improve awareness and influence policy around flood resilience related topics such as the potential savings from investing in pre-event risk reduction to become more resilient to natural hazards and extreme weather. Zurich, together with academic institutions and NGO partners, has developed a flood resilience model with innovative pre-event mitigation measures to help the poorest communities in the world protect themselves from floods. After five very successful years of helping communities around the world to dramatically improve their flood resilience, the Zurich’s Flood Resilience Program has moved into the second phase. We have extended the program to 2023 following our approach of long-term and flexible funding to focus on problem analysis and innovative solutions to build community flood resilience, including a unique flood resilience measurement framework and our learning methodology PERC. We have joined our efforts with civil society organizations Concern Worldwide, the International Federation of the Red Cross and Red Crescent Societies (IFRC), Mercy Corps, Plan International and Practical Action as well as research partners International Institute for Applied Systems and Analysis (IIASA), the London School of Economics and the Institute for Social and Environmental Transition-International (ISET) to form the multi-sectorial Zurich Flood Resilience Alliance. Zurich, with the Alliance, is aiming to leverage USD 1 billion more investment into prevention actions and resilience building, improving global and national level policy on flood resilience, and generating best practice examples from flood resilience community work on the ground in 16 countries or more. We are implementing an integrated impact measurement framework across all activities and alliance partners that will look at what change in people’s wellbeing has been achieved through the Zurich flood resilience alliance.

Zurich has a Group Public Affairs function which ensures that Zurich develops and advocates consistent public policy positions. This function also ensures that processes are in place to coordinate engagement with policy makers. A Public Policy Framework is in place, which ensures such matters are managed consistently across the Group at Zurich. Also, significant new or changed public policy positions are syndicated before members of the Group Executive Committee including the Group CEO. Position taking is driven by processes designed to assure strategic alignment and subject matter consistency. Before public positions are taken, a process to get subject matter review, in addition to other governance compliance, is taken. This process is applied across the institution for all public position taking – not just for climate change. In the UK, as part of the ClimateWise annual reporting process, we report to and receive sign-off from various key internal stakeholders on our involvement on topics and collaborative working.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions

performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
sustainability highlights 2018.pdf

Page/Section reference
11, 14, 15, 21-23, 26-31

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
entire_zurich_ar2018.pdf

Page/Section reference
6, 11, 20, 22, 24, 25, 26, 31, 53, 57,119, 121, 131, 149

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
entire_zurich_review2018.pdf

Page/Section reference
6, 25, 26

Content elements
Strategy
Risks & opportunities

Comment

Publication
In mainstream reports

Status

Complete

Attach the document
risk review annual results 2018.pdf

Page/Section reference
3, 5, 15, 33

Content elements
Governance
Strategy
Risks & opportunities
Other metrics

Comment

Publication
In voluntary sustainability report

Status
Complete

Attach the document
z zurich foundation annual report 2018.pdf

Page/Section reference
4, 5, 6-9, 32, 35

Content elements
Governance
Strategy
Risks & opportunities
Other metrics

Comment
The Z Zurich Foundation is a charitable foundation, funded by Zurich.

Publication
In voluntary communications

Status
Complete

Attach the document
RI Transparency report 2017 2018.pdf

Page/Section reference
12, 13, 15, 17-21, 23, 25, 26, 27, 31, 43, 45, 56, 61-63

Content elements
Governance
Strategy
Risks & opportunities
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
responsible investment at zurich.pdf

Page/Section reference
6, 8-16, 18-21, 23-25, 29, 30

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
zurich responsible investment position statment 2017.pdf

Page/Section reference
1-4

Content elements
Governance
Strategy
Risks & opportunities

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Group Environmental Policy Revision 2013 update 2017.pdf

Page/Section reference
1-4

Content elements
Governance
Strategy
Risks & opportunities

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Report The Zurich flood resilience program.pdf

Page/Section reference
1-56

Content elements
Governance
Strategy
Risks & opportunities
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
houston and hurricane harvey a call to action.pdf

Page/Section reference
1-48

Content elements
Strategy
Risks & opportunities
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Hurricane Florence Building resilience for the new normal.pdf

Page/Section reference
1-36

Content elements
Strategy
Risks & opportunities
Other metrics

Comment
Zurich Insurance won an Outstanding Achievement Award from the 2019 National Hurricane Conference. Zurich earned this honor for its work to develop and implement its Post Event Review Capability (PERC) approach, an open-source methodology designed to evaluate how natural hazards events turn into community disasters and to provide practical recommendations that promote community resilience.https://www.zurichna.com/en/zna/about/news/news-releases/2019/zurich-insurance-earns-outstanding-achievement-award-from-the-2019-national-hurricane-conference?WT.mc_id

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Publication
In voluntary communications

Status
Complete

Attach the document
PERC Report Events are natural disasters are not.pdf

Page/Section reference

Content elements
Strategy
Risks & opportunities
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document

Zurich's response to ClimateWise 2018.pdf

Page/Section reference
All

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

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C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chairman of the Board of Directors	Board chair

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

Zurich Insurance Group's emissions broken down into scope 1, 2, and 3 can be found in the core module. The company does not allocate emissions to customers.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Please select

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Please select

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

Please select

SC3.1

(SC3.1) Do you want to enroll in the 2019-2020 CDP Action Exchange initiative?

Please select

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2018-2019 Action Exchange initiative?

Please select

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

Please select

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms