Corporate responsibility at Zurich Insurance Group

Paris, 24 November 2015
Natasha Issa, Head of Corporate Responsibility
James Quin, Head of Investor Relations & Group Performance Management

Exane BNP Paribas 3rd SRI Forum
Zurich Insurance Group – introduction and overview
Our strategy
Proposition to investors
Financial background
Q3 2015 results

Corporate responsibility at Zurich
Our approach to CR
External commitment
Our approach to materiality
Focus areas

Zurich’s governance and remuneration framework
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The cornerstones of our 2014-16 strategy

GROUP STRATEGY

1. Prioritizing investment in distinctive positions

2. Managing other businesses for value

3. Growing our operating earnings

KEY FOCUS AREAS

- Corporate
- Commercial mid-market
- Select retail

- Extract value from Global Life back books
- Continue to capture value from profitable, smaller General Insurance markets
- Turnaround/exit non-performing businesses

- Efficiency
- Value extraction
- Investment risk return
Corporate responsibility is an integral part of our group strategy

**ENABLERS OF SUCCESS**

1. Building supporting capabilities

2. Living up to the Zurich Commitment

**FOCUS AREAS**

- Investing in our people and their capabilities
- Laying the foundations for industry top quartile operations and technology
- Building the Zurich brand and our reputation

- Caring for our customers, employees, shareholders and the communities in which we live and work.

By acting responsibly in everything we do, we aim to create sustainable value for all our stakeholders.
### Our proposition to investors

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>We are a leading Corporate and Commercial insurer, with strong Retail positions in select local markets, well positioned to capture long-term growth potential</td>
</tr>
<tr>
<td>2</td>
<td>We run a highly cash generative business, with focus on enhancing returns and improving capital allocation</td>
</tr>
<tr>
<td>3</td>
<td>We have a very strong and stable financial position, built on excellent capital security and disciplined approach to ALM</td>
</tr>
<tr>
<td>4</td>
<td>The interests of management and investors are closely aligned through dividend policy, targets and remuneration</td>
</tr>
<tr>
<td>5</td>
<td>We aim to create sustainable value for all our stakeholders</td>
</tr>
</tbody>
</table>
Gross Written Premium (GWP) includes Policy Fees. Does not include premiums written by the Farmers Exchanges (2014: USD 18.6bn GWP).

Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

1 Gross Written Premium (GWP) includes Policy Fees. Does not include premiums written by the Farmers Exchanges (2014: USD 18.6bn GWP). Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides administrative and management services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

2 BOP split per segment and region in % excludes central and financing costs.

3 Farmers consists of Farmers Management Services and Farmers Re.

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Consistently strong financial track record

**VERY STRONG FINANCIAL STRENGTH**

- **AA- / outlook ‘stable’**
- **Aa3 / outlook ‘stable’**
- **A+ (Superior) / outlook ‘negative’**

**CONSISTENTLY PROFITABLE**

<table>
<thead>
<tr>
<th>Year</th>
<th>BOPAT-ROE above risk free</th>
<th>US 10 yr swap rate (avg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>13.5%</td>
<td>10.3%</td>
</tr>
<tr>
<td>2011</td>
<td>11.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>2012</td>
<td>10.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>2013</td>
<td>11.6%</td>
<td>9.1%</td>
</tr>
<tr>
<td>2014</td>
<td>11.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>9m-15</td>
<td>8.2%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

**HIGHLY CASH GENERATIVE**

<table>
<thead>
<tr>
<th>Year</th>
<th>General Ins.</th>
<th>Global Life</th>
<th>Farmers</th>
<th>OOB</th>
<th>NCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY-10</td>
<td>3.5</td>
<td>0.6</td>
<td>1.3</td>
<td>0.1</td>
<td>-1.1</td>
</tr>
<tr>
<td>FY-11</td>
<td>3.7</td>
<td>0.7</td>
<td>0.8</td>
<td>0.5</td>
<td>-1.2</td>
</tr>
<tr>
<td>FY-12</td>
<td>2.1</td>
<td>1.4</td>
<td>0.7</td>
<td>0.5</td>
<td>-1.1</td>
</tr>
<tr>
<td>FY-13</td>
<td>2.9</td>
<td>2.4</td>
<td>0.9</td>
<td>0.0</td>
<td>-1.1</td>
</tr>
<tr>
<td>FY-14</td>
<td>3.7</td>
<td>2.4</td>
<td>0.9</td>
<td>0.0</td>
<td>-1.0</td>
</tr>
</tbody>
</table>

Cash remittance in USDbn

**GOOD RETURNS TO INVESTORS**

- **US 10 yr swap rate (avg.)**
- **ROE above risk free**

Total shareholder return in USD
## ROE below target, strong Z-ECM and cash remittances

### 9M-15 KEY RESULTS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>9M-15</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOP</td>
<td>USD 2.5bn (-35%)</td>
<td></td>
</tr>
<tr>
<td>GI CR</td>
<td>101.9% (+5.8pts)</td>
<td></td>
</tr>
<tr>
<td>NIAS</td>
<td>USD 2.3bn (-27%)</td>
<td></td>
</tr>
</tbody>
</table>

### TARGET METRICS OVER STRATEGIC PERIOD

<table>
<thead>
<tr>
<th>Metric</th>
<th>9m-15</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOPAT ROE(^1)</td>
<td>8.2%</td>
<td>12 - 14%</td>
</tr>
<tr>
<td>Z-ECM(^2)</td>
<td>HY-15</td>
<td>Target</td>
</tr>
<tr>
<td>Net cash remittances</td>
<td>FC FY-15</td>
<td>Cumulative 3-year target</td>
</tr>
<tr>
<td>USD 2.5bn (-35%)</td>
<td>USD 2.3bn (-27%)</td>
<td>USD 3.5bn</td>
</tr>
<tr>
<td>101.9% (+5.8pts)</td>
<td>123%</td>
<td>100 – 120%</td>
</tr>
<tr>
<td>USD 3.5bn</td>
<td>&gt; USD 9bn</td>
<td></td>
</tr>
</tbody>
</table>

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1. Business operating profit after tax return on equity (annualized), excluding unrealized gains and losses.
2. Zurich Economic Capital Model (Z-ECM).

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General Insurance – Review
Operational review has identified key actions

<table>
<thead>
<tr>
<th>5 WORK STREAMS</th>
<th>KEY ASPECTS OF REVIEW</th>
</tr>
</thead>
</table>
| 1 Financial base-lining and ambition setting | • Re-evaluating GI’s current underlying earnings power, with detailed plans in place for each business unit  
• Evaluate options to use reinsurance to reduce earnings volatility |
| 2 Technical excellence          | • Portfolios with high underwriting loss subject to detailed investigation  
• Actions agreed for key portfolios including reunderwriting, repricing and portfolio exits, with execution subject to monthly reviews |
| 3 Expense reduction             | • Full transparency on planned cost evolution – for overall GI and individual BUs  
• 2016 cost target developed on GI and regional level; identification of additional cost savings opportunities ongoing |
| 4 Strategy and portfolio focus  | • Re-evaluation of key strategic priorities for each country  
• Further footprint actions identified |
| 5 Organization and governance   | • Streamline GI governance and organization  
• Headcount reductions initiated for Global Corporate and GI Corporate Centre, subject to formal consultation process |
General Insurance – Status update
Plan to get back on track in 2016, reduce gap to peers in 2017+

15 UNDERPERFORMING PORTFOLIOS¹

<table>
<thead>
<tr>
<th>15 portfolios</th>
<th>Rest of GI</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY CR (%)</td>
<td>143%</td>
</tr>
<tr>
<td>NEP (USDbn)</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>94%</td>
</tr>
<tr>
<td></td>
<td>17.7</td>
</tr>
</tbody>
</table>

INCLUDES
- Auto liability books in NAC and GCiNA
- Construction liability in NAC
- Property and liability in GC
- Certain other portfolios

COMMENTS
- Key strengths to build on
  - Well diversified portfolio
  - Excellent franchises, including GC
  - Strong technical foundations and talent base
  - Global distribution reach
- Clear plans for improvement in 2016
  - Reunderwriting and enhanced discipline within parts of Global Corporate
  - Address profitability challenges in some other portfolios
  - Expense efficiency
  - Reduced earnings volatility
- Plan to reduce gap to top-tier competitors post 2016 through enhanced technical performance and improved efficiency

¹ As of 9m-15.

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General Insurance – Combined ratio walk
Results significantly impacted by non-recurring factors

FY-14 NORMALIZED¹ TO 9m-15 COMBINED RATIO

- Tianjin loss, adverse PYD and low nat cat losses viewed as non-recurring
- Current year loss ratio impacted by high frequency of mid-sized and large losses – around 1pt of this increase is viewed as recurring
- GI review actions under way to deliver improvement from 2015 underlying CR of ~99.5%
- No major reserve issues identified in results process or GI review, maintain expectation of 1-2% positive PYD

1 Normalizations include adjustment to the planned catastrophe level, positive and negative one-offs; numbers rounded.
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Corporate responsibility is part of the way we do business

We create and sustain value for our customers, our people, our shareholders, and society…

…by proactively addressing environmental, social and governance issues.

We focus on long-term success over short-term gains
A strong commitment towards corporate responsibility

EXTERNAL COMMITMENTS

United Nations Global Compact
Zurich became a signatory in July 2011

Principles for Responsible Investment
Zurich became a signatory in July 2012

EXTERNAL INDICES

The Dow Jones Sustainability Index (DJSI)
In the 2015 Dow Jones Sustainability Indices Review, Zurich achieved its highest score of 83 and outperformed 99% of other companies in the insurance industry group.

CDP
Zurich has submitted a response since 2004. In 2015, Zurich achieved a score of 100B and again achieved a place in the Climate Disclosure Leadership Index (CDLI) 2015 for the DACH region (Germany, Austria and Switzerland).

FTSE4Good
Zurich has been a constituent of the FTSE4Good Index Series since its inception. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

MSCI
Zurich is a constituent of the MSCI Global Sustainability Index Series. MSCI is an independent provider of research-driven insights and tools for institutional investors.
Zurich outperformed 99% of other companies in the insurance group in the 2015 Dow Jones Sustainability Indices Review. Zurich achieved its highest score of 83 and outperformed 99% of other companies in the insurance industry group.
Our approach to materiality
Establishing our priorities

At Zurich, our mission is to help our customers understand and protect themselves from risk.

It’s all about the **HOW**
- HOW do we conduct our business?
- HOW can we apply our risk expertise to create sustainable value for all our stakeholders?
- HOW can we have a meaningful impact?

We determined that we can have the most meaningful impact by focusing on our core competencies – risk management, investment management and underwriting.
Zurich’s flood resilience program is one of Zurich’s key focus areas

FLOODS AFFECT MORE PEOPLE THAN ANY OTHER TYPE OF NATURAL DISASTER

- As insurers we know the impact they have on people’s lives and how much damage they can cause
- The flood resilience program is an alliance of 5 organizations
- The program comprises a five-year commitment, and includes an initial investment of USD 35.6 million by the Z Zurich Foundation
- Together with our alliance partners we focus on pre-event flood mitigation, as opposed to post-event flood relief

Awards we have won

Special Climate Award at Convergences World Forum

The UNFCCC recognized Zurich’s flood resilience program as an exemplary ‘Lighthouse Activity’.
Responsible investment about *how we invest USD 200bn in assets*

Three Priorities Help Us Do Both Well (Superior Returns) and Good (Positive Impact)

**ESG Integration**
- Training
- Information
- Process integration
- Active ownership

**Impact Investing**
- Intentionality
- Measurability
- Profitability

Advancing together
- Innovation
- Dissemination
A process of ESG integration will help us make better investment decisions across asset classes

<table>
<thead>
<tr>
<th>KEY REQUIREMENTS</th>
<th>PROGRESS MADE FOR INTERNALLY MANAGED ASSETS</th>
</tr>
</thead>
</table>
| 1. Training and education | • Rolled out mandatory basic responsible investment training module to all investment management staff  
• All portfolio management teams received advanced training from external provider |
| 2. Access to analysis, data & research | • All portfolio management teams have full access to MSCI ESG Manager platform  
• ESG data fed into global investment data warehouse |
| 3. Process | • Local teams defining appropriate process depending on investment approach  
• ESG performance of portfolios reviewed annually by local ALM Investment Committees (ALMICs) |
| 4. Active ownership | • Implementation of approach to systematically vote all proxies underway |

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Impact investing allows us to target value for society without giving up investment returns

<table>
<thead>
<tr>
<th>FIXED INCOME</th>
<th>PRIVATE EQUITY</th>
<th>REAL ESTATE</th>
<th>INFRASTRUCTURE</th>
<th>IMPACT BONDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest up to USD 2 billion in green bonds</td>
<td>Invest up to USD 10% of total Private Equity NAV with impact</td>
<td>Reduce carbon emissions of Swiss real estate portfolio</td>
<td>Measure impact of infrastructure portfolio</td>
<td>Pilot a development impact bond transaction</td>
</tr>
<tr>
<td><strong>2bn</strong></td>
<td><strong>10%</strong> of Net Asset Value</td>
<td><strong>-20%</strong> by 2020</td>
<td>Measure</td>
<td>Pilot</td>
</tr>
</tbody>
</table>

- Over USD 700 million invested
- USD 105 million committed
- Reduced emissions by 4%
Collaborating to build financial markets based on responsible investment practices

EMPEA
Zurich is a member of the Emerging Market Private Equity Association’s Impact Investing Council.

WEF
Zurich is an active contributor to the WEF’s Mainstreaming Sustainable and Impact Investing initiative.

PSI
PSI and Zurich Insurance Company Ltd formed a team to explore how NGOs could use private investor capital to deliver increased social impact.

GIIN
Member of the GIINs Investors’ Council, a platform for impact investors to connect and share ideas.

PRI
Principles for Responsible Investment.

Forum per la Finanza Sostenibile
In 2015 Zurich joined FFS and has been actively supporting workshops and initiatives.

Green Bond Principles
Voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market.

ILG
Proud to be a founding member of The Investment Leaders Group.

UNEP
We are part of the United Nations Environment Programme’s inquiry into the Design of a Sustainable Financial System.

ClimateWise
Global insurance industry’s leadership group driving action on climate change risk.
Integrating CR in the value chain
Working with our corporate customers

- Zurich works with its corporate customers to better manage corporate responsibility risks and promote best practices in managing environmental, social and governance risks.
- Using our risk profiling methodology, we have prioritized four key areas of concern:
  - banned weapons (cluster bombs and anti-personnel mines)
  - dam construction (with a focus on particular social, environmental or political risks)
  - oil and gas and mining projects in environmentally-sensitive areas, or those projects that have human rights implications
- We have developed an overarching position on human rights.
- The business areas identify, assess and mitigate potential environmental, social and governance issues and the related reputational risks inherent in certain business transactions involving large projects and corporate customers.
Environmental and community KPIs

CO₂ EMISSIONS PER EMPLOYEE
(Tons per FTE)

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ emissions related to facilities</th>
<th>CO₂ emissions related to travel</th>
<th>2007 Baseline¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.05</td>
<td>1.50</td>
<td>4.56</td>
</tr>
<tr>
<td>2012¹</td>
<td>2.21</td>
<td>1.43 -20%*</td>
<td>3.64</td>
</tr>
<tr>
<td>2013²</td>
<td>1.88</td>
<td>1.52 -25%*</td>
<td>3.40</td>
</tr>
</tbody>
</table>

Target -50% by 2020

*Total changes vs baseline

- CO₂ emissions related to facilities³
- CO₂ emissions related to travel⁴

TOTAL COMMUNITY INVESTMENT¹
(Full year cash contributions in USD millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>17.0</td>
</tr>
<tr>
<td>2014</td>
<td>22.7 +33%</td>
</tr>
</tbody>
</table>

1 Restated following change in calculation methodology, based on both the Greenhouse Gas Protocol (revised edition) and the DEFRA Voluntary Reporting Guidelines.
2 2014 data will be available in Q2 2015. 2013 data is covered by the assurance report of PWC from May 27, 2014 which is available on www.zurich.com
3 Includes emissions from own-use real estate (electricity and heat).
4 Includes emissions from air travel and cars (rental cars and car fleet).

Charitable contributions include corporate cash donations only. Contributions cover 100% of our Group’s business units and the Z Zurich Foundation. Contributions of the Z Zurich Foundation are valued on a cash-out basis. Excluded are the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group Inc a wholly owned subsidiary of Zurich Insurance Group Ltd, and contributions made by Zurich employees.

Source: Corporate responsibility highlights 2014. Independent assurance by PWC
Success is about people

Zurich Commitment and Zurich Basics is the foundation of our culture and behaviors

Zurich’s people vision

We will create a culture where people deliver results, inspire trust and confidence, show compassion and care and make a difference to those around them. A place that brings out the best in everybody, where people live up to our commitment, our values and our brand. A place committed to a shared purpose, where people understand that what they do and how they do it matters, and where accomplishments are rewarded financially and emotionally.
Diversity & inclusion

- Global strategy setting, governance and ongoing review
- Consulting with business leaders, employees and Human Resources on delivering initiatives
- Integrate D&I in to our people practices
- Creating global employee awareness and understanding of D&I
- Connecting Zurich’s D&I champions around the world to leverage internal pockets of excellence and leading practice research
### People KPIs

#### OUR PEOPLE – OPERATIONAL KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees – headcount</td>
<td>55,969</td>
<td>56,565</td>
<td>(1%)</td>
</tr>
<tr>
<td>Employees – full time equivalents (FTE)</td>
<td>54,551</td>
<td>55,102</td>
<td>(1%)</td>
</tr>
<tr>
<td>Employee turnover rate (%)</td>
<td>12.4%</td>
<td>12.3%</td>
<td>0.1pts</td>
</tr>
<tr>
<td>Average tenure (years)</td>
<td>9.3</td>
<td>9.4</td>
<td>(1%)</td>
</tr>
</tbody>
</table>

#### BUILDING A HIGH-PERFORMANCE WORKING ENVIRONMENT KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>High performer retention rate (%)¹</td>
<td>94.7%</td>
<td>94.8%</td>
<td>(0.1pts)</td>
</tr>
<tr>
<td>Low performer turnover rate (%)²</td>
<td>38.7%</td>
<td>43.5%</td>
<td>(4.8pts)</td>
</tr>
</tbody>
</table>

#### BUILDING TALENT KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female workforce participation (%)</td>
<td>52.1%</td>
<td>52.6%</td>
<td>(0.5pts)</td>
</tr>
<tr>
<td>Female participation in Leadership Team (%)</td>
<td>15.0%</td>
<td>16.0%</td>
<td>(1.0pts)</td>
</tr>
</tbody>
</table>

#### DEVELOPING OUR PEOPLE KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees with active Individual Development Plan (%)</td>
<td>74.5%</td>
<td>75.5%</td>
<td>(1.0pts)</td>
</tr>
<tr>
<td>Active learners (%)³</td>
<td>98.8%</td>
<td>96.9%</td>
<td>1.9pts</td>
</tr>
</tbody>
</table>

¹ ‘High performer’ group is defined as employees with performance ratings 4 and 5 (out of 5) during 2 consecutive years.

² ‘Low performer’ group is defined as employees with performance ratings 1 and 2 (out of 5) during 1 year.

³ Employees who have taken at least one course during the year reported.

Source: Our people 2014. Independent assurance by PWC
Zurich Insurance Group
Governance and remuneration framework
Zurich’s Corporate Governance Framework
Zurich Insurance Group Ltd Board of Directors

Shareholders

Board of Directors

Governance and Nominations Committee
Remuneration Committee
Audit Committee
Risk Committee

Chief Executive Officer and Group Executive Committee

Finance Committee Chair: CFO
Risk and control Committee Chair: CRO

Other Committees chaired by GEC member
Asset/Liability Management Committee
Group Reinsurance Committee
GI Global Underwriting Committee
Group Pension Committee

BOARD’S RESPONSIBILITY

- Determines strategy
- Protection of shareholders rights
- Supervision of group executive committee

BOARD’S PRINCIPLES

- Diversity: background, nationality, skills
- Independence: non executive and no previous ties with Zurich with one exception
- Efficiency: size, number of external mandates, and tenure; evaluation
- Fair and transparent remuneration

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Zurich’s Corporate Governance Framework
Zurich Insurance Group Ltd Board of Directors

<table>
<thead>
<tr>
<th>PRINCIPLES</th>
<th>ZURICH’S PRACTICE</th>
</tr>
</thead>
</table>
| Diversity                | • 7 nationalities  
• 33% women  
• Diverse backgrounds, experiences, skills and knowledge; from financial services, manufacturing, engineering, with legal and regulatory experience                                                                  |
| Independence             | • All Board members are non executive directors  
• Never held an executive position in the company except M. Mächler until 2006  
• Subject to rules and regulations regarding conflicts of interest and inside information                                                                                                   |
| Focus and effectiveness  | • Maximum external mandates, 3 for listed and 5 for non listed companies  
• Between 7 and 13 members  
• Maximum tenure is 12 years, up to 72 years of age unless special circumstances  
• Meeting at least 6 times p.a.; 10 meetings and average attendance of 95% in 2014  
• Annual self evaluation                                                                                                                                             |
| Fair and transparent remuneration | • Fee in line with SMI median  
• Paid for 50% in shares that are restricted for 5 years  
• No additional compensation in change of control case                                                                                                                                 |

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# Zurich’s Corporate Governance Framework

## Zurich’s Legal Entity System

### Group Governance Principles for Subsidiaries in line with current regulatory trends

**Perspective on Subsidiary Governance**

<table>
<thead>
<tr>
<th>Governance framework</th>
<th>Legal entity view</th>
<th>Central control and local empowerment</th>
<th>Management vs. legal entity view</th>
<th>Dialogue &amp; exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-of-the-art, transparent, sound, yet lean and flexible subsidiary governance framework</td>
<td>Respect legal entity view - local law always prevails</td>
<td>Right balance between central management &amp; control and local empowerment</td>
<td>Divergences between management and legal view to be identified, understood and managed</td>
<td>Crucial for good subsidiary governance</td>
</tr>
</tbody>
</table>

### Five Principles at Subsidiary Level

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group membership</strong></td>
<td><strong>Governance structure</strong></td>
<td><strong>Escalation procedures</strong></td>
<td><strong>Board composition &amp; meetings</strong></td>
<td><strong>Good decision making</strong></td>
</tr>
<tr>
<td>Subsidiaries adequately taken into account overarching Group goals</td>
<td>Clear organizational structures and effective oversight</td>
<td>Internal escalation procedures and escalation procedures to the Group</td>
<td>Board of sufficient size and expertise and adequate committee structures</td>
<td>Decisions taken in a diligent manner</td>
</tr>
</tbody>
</table>

November 2015

Exane BNP Paribas 3rd SRI Forum
Zurich’s Corporate Governance Framework
Three Lines of Defense Model – Overview

A ‘three lines of defense’ approach runs through Zurich’s risk governance structure so that risks are clearly identified, assessed, and owned.

<table>
<thead>
<tr>
<th></th>
<th>Business Management</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>takes risks and is responsible for day-to-day risk management.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Risk Management</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>oversees risk management framework and helps business management to manage risk.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Compliance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>is a specialist within the second line of defense.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other governance and control functions (e.g., Legal, Actuarial, and Finance) help business management manage and control specific types of risks.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Audit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>provides independent assurance regarding the enterprise risk management framework and risk control effectiveness.</td>
<td></td>
</tr>
</tbody>
</table>
Serve as a framework for the Group’s governance, design, implementation and monitoring of the Group’s remuneration architecture.

ZIG Board of Directors reviews and approves the Rules annually.

Rules are aligned with legal, regulatory and corporate governance related guidelines and requirements.
Zurich’s remuneration system ensures competitive total remuneration opportunities depending on the results achieved.

- It is also an important element of the Group’s risk management framework and is designed to not encourage inappropriate risk taking.

<table>
<thead>
<tr>
<th>FIXED REMUNERATION</th>
<th>VARIABLE REMUNERATION</th>
<th>FIXED BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Salary</td>
<td>Short Term Incentives (1 year)</td>
<td>Long term incentives (3-6 years)</td>
</tr>
<tr>
<td>Factors which may determine level of base pay include scope and complexity of the role, level of responsibility and geographic location.</td>
<td>Discretionary incentive awards are driven by the Group and/or segment and/or country profitability achievements.</td>
<td>Annual performance based target share allocations with a three year cliff vesting.</td>
</tr>
<tr>
<td>Generally paid between 80% to 120% range around the relevant market median.</td>
<td>The allocation and payout to individuals is based on an assessment of overall individual performance through the performance management process.</td>
<td>Vesting is determined based on (i) the position of the TSR compared with an international peer group of insurance companies derived from the Dow Jones Titan Insurance Index, (ii) the NIAS ROE and (iii) cash remittance.</td>
</tr>
<tr>
<td></td>
<td>Awards are paid annually in cash.</td>
<td>One-half of all vested share awards are sales restricted for an additional three years.</td>
</tr>
</tbody>
</table>
### Zurich’s Remuneration Framework
### Variable pay considering long-term economic performance

Incentive plans are aligned to the achievement of the Group’s key financial objectives, the execution of the business strategy, the Group’s risk management framework and operational plans.

<table>
<thead>
<tr>
<th>SHORT TERM INCENTIVES (STIP 1 YEAR)</th>
<th>LONG TERM INCENTIVES (LTIP 3-6 YEARS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- For majority of company employees</td>
<td>- For Executives and senior managers whose roles focus on the performance drivers of long term shareholder value.</td>
</tr>
<tr>
<td>- Key characteristics:</td>
<td>- Key characteristics:</td>
</tr>
<tr>
<td>- Financial performance during the year, including a qualitative assessment of the results largely determines STIP pool.</td>
<td>- Pre-defined criteria are used to determine the vesting level: relative TSR position, NIAS ROE and cash remittance (equally weighted).</td>
</tr>
<tr>
<td>- STIP award structure is determined for various levels of individual performance.</td>
<td>- Shares vest after 3 years (cliff vesting); half of the vested shares are sales restricted for an additional 3 years after vesting.</td>
</tr>
<tr>
<td>- Individual performance is assessed through the Group performance management process.</td>
<td>- Potential individual adjustment: +/- 25% to vesting level¹.</td>
</tr>
<tr>
<td>- STIP award is paid in cash and can vary between 0% and 200% of the target award level.</td>
<td>- Long term incentives are awarded in performance shares, cannot exceed 200% of the target.</td>
</tr>
</tbody>
</table>

---

¹ by CEO, for modifications regarding GEC by Remuneration Committee and Board. Under exceptional circumstances vesting level can be set to zero (only by Remuneration Committee and Board).

November 2015
## Zurich’s Remuneration Framework

Balance between fixed and variable remuneration

### 2014 Remuneration Structure and Weighting of Elements

<table>
<thead>
<tr>
<th>Role</th>
<th>Base Salary / Fees</th>
<th>Short Term Incentives</th>
<th>Long Term Incentives</th>
<th>Service Cost for Pension</th>
<th>Other Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>22%</td>
<td>22%</td>
<td>50%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>25%</td>
<td>24%</td>
<td>39%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Group Executive Committee</td>
<td>70%</td>
<td>9%</td>
<td>8%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>All Employees</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. At target, as percent of total remuneration.
2. Excludes value of target share allocation from transition arrangements.
3. Including CEO.

November 2015
Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the ‘Group’). Forward-looking statements include statements regarding the Group’s targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group’s understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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Calendar:
- February 11, 2016, Annual Results 2015
- March 30, 2016, Annual General Meeting 2016
- May 12, 2016, Results for the three months to March 31, 2016
- August 11, 2016, Half year results 2016
- November 10, 2016, Results for the nine months to September 30, 2016
- December 1, 2016, Investor Day