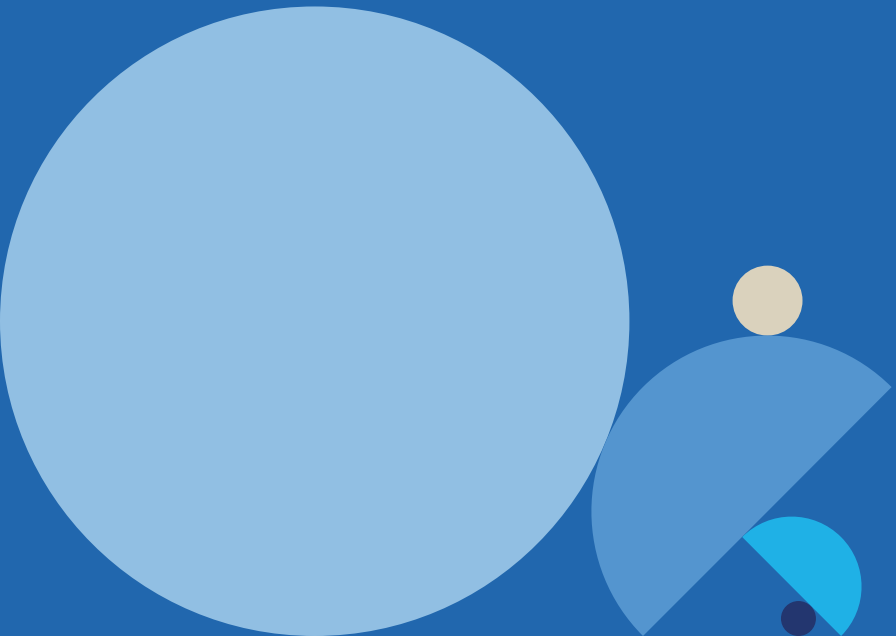


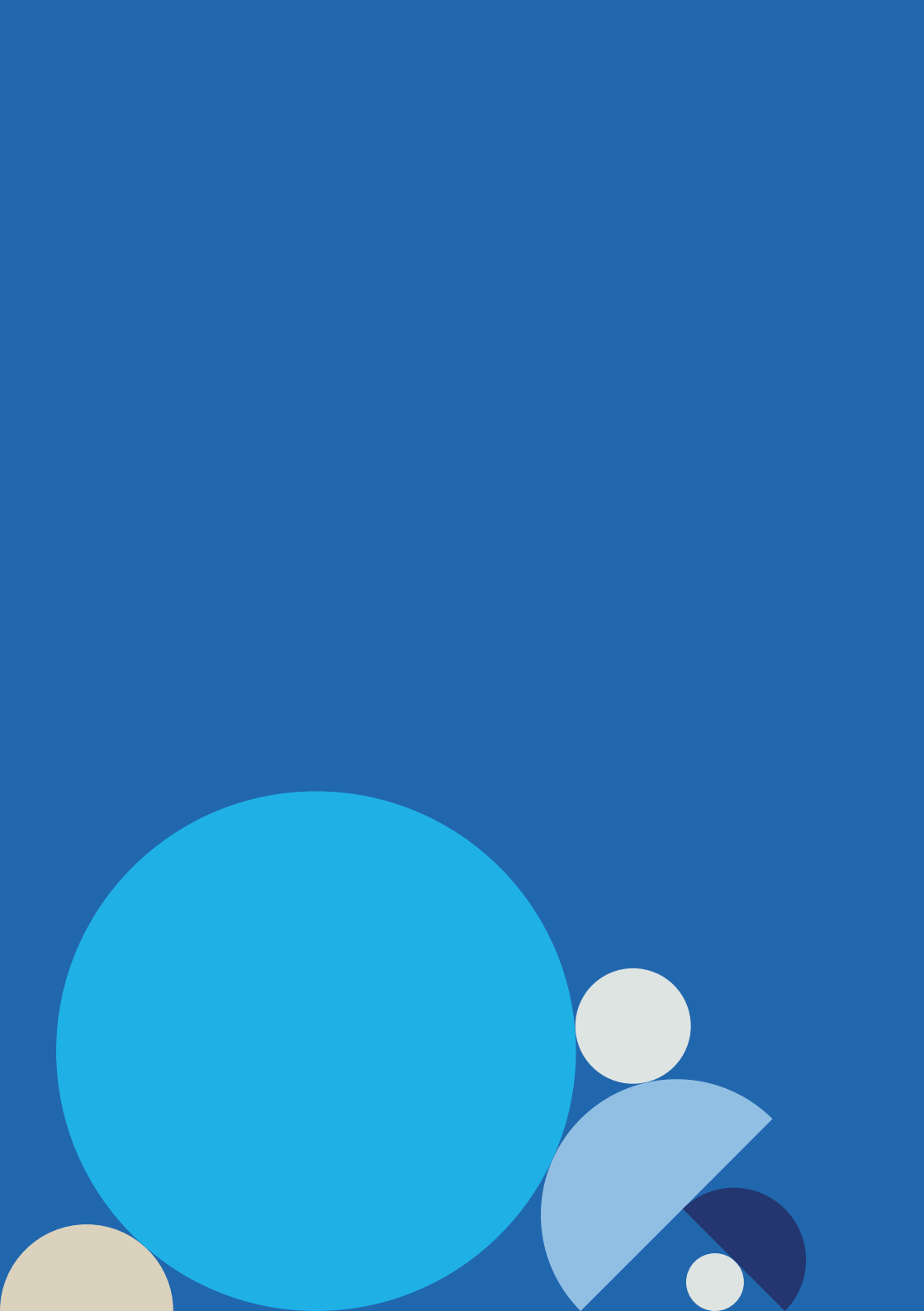
Annual General Meeting 2023

# Proposed amendments to the Articles of Association of Zurich Insurance Group Ltd

Shareholder information brochure

Translation of the German original





# 1. Introduction

## a) Swiss Corporate Law Reform

On January 1, 2023, the revision of the Swiss Code of Obligations (**CO**) entered into force (**Corporate Law Reform**). The main goals of the Corporate Law Reform are to modernize corporate governance by strengthening shareholder rights and promoting gender equality in board of directors and senior management and to provide companies with more flexibility regarding their share capital. Furthermore, the Ordinance Against Excessive Compensation in Public Corporations which came into force on January 1, 2014, has been transferred to the CO, with selective changes being made to the previous provisions. Companies are granted a transition period of two years to amend their articles of association.

The board of directors (**Board**) of Zurich Insurance Group Ltd (**Zurich**) proposes to amend Zurich's articles of association (**Articles of Association** or **AoA**) at this year's Annual General Meeting (**AGM**). The proposed amendments are explained in this brochure, which supplements agenda items 6.1–6.4 of the AGM invitation that includes the Board's proposals as well as a comparison between the current and the new text of the Articles of Association. References in this brochure are to the new text of the Articles of Association.

## b) AGM 2023: Separate votes on several agenda items

The proposed amendments to the Articles of Association shall be voted on at the AGM 2023 as follows:

Agenda item	AoA Art.	Section	Required Majority <sup>1</sup>
6.1 Capital band	5 <sup>bis</sup> , 5 <sup>ter</sup> para. 1 lit. d	2	Qualified Majority
6.2 Amendments concerning the share register	7 para. 2	3	Qualified Majority
6.3 Virtual General Meetings	11 para. 4	4	Simple Majority
6.4 Further amendments to the Articles of Association	6 para. 2, 10, 11 para. 3, 12, 18 para. 2, 19, 20, 23, 24, 32, 33, 35, 37 para. 1	5	Simple Majority

If approved by the AGM 2023, the proposed amendments to the Articles of Association will become effective on April 6, 2023.

1. "**Qualified Majority**" means a majority of two thirds of the votes and the majority of the capital represented (art. 704 para. 1 no. 7 CO); "**Simple Majority**" means the majority of the votes represented (art. 703 para. 1 CO).

## 2. Capital band (art. 5<sup>bis</sup>, 5<sup>ter</sup> para. 1 lit. d)

### a) Capital band instead of authorized share capital (art. 5<sup>bis</sup> para. 1)

With the Corporate Law Reform, the authorized share capital is replaced by the institute of the capital band. Under a capital band, the general meeting of shareholders (**General Meeting**) may authorize the Board to increase and/or reduce the company's share capital one or several times within a pre-defined band and within a period of up to five years. In comparison, under the authorized share capital, the Board was authorized to increase the company's share capital within two years, but not to reduce it.

Because the existing authorized share capital of Zurich (art. 5<sup>bis</sup>) cannot be extended due to the Corporate Law Reform, the Board proposes to replace it with a capital band. Under the proposed capital band, the Board shall be authorized to increase and/or reduce Zurich's share capital one or several times until April 6, 2028, within the upper limit of CHF 18,917,751.50 and the lower limit of CHF 13,541,415.00, i.e., corresponding to an authorization of the Board to increase the currently issued share capital by up to 25.7% and to reduce the currently issued share capital by up to 10%.

To reflect Zurich's guiding principle to limit issuances on a non-preemptive basis to 10% of the issued share capital, the Board of Directors proposes to reduce the combined dilution cap applicable to the capital band and the contingent share capital (art. 5<sup>bis</sup> para. 5, 5<sup>ter</sup> para. 1 lit. d; see section 2d) below) from 14,960,800 to 14,600,000 shares (i.e., from 9.9% to 9.7% of the currently issued share capital). This takes into account the planned cancellation of shares repurchased<sup>2</sup> under the currently running share buyback program (see [www.zurich.com/en/investor-relations/our-shares/share-buyback](http://www.zurich.com/en/investor-relations/our-shares/share-buyback)).

By replacing the authorized share capital with the capital band, the Board wishes to maintain Zurich's financing flexibility at a level comparable with other global insurance and reinsurance peers, in order to be able to raise capital to finance growth projects, and to secure Zurich Insurance Group's solvency position if required also in the future. Being able to quickly meet changing capital requirements provides companies with a competitive advantage compared to those that do not have this flexibility. Given the nature of the capital band, under which the Board can also be authorized to reduce the share capital, the Board further wishes to mirror its ability to increase the share capital with the ability to reduce the share capital in a quick and flexible manner as an additional instrument of capital management.

<sup>2</sup> The actual number of shares to be repurchased under the share buyback program depends on the share price at which these shares are purchased.

The following table summarizes the capital authorizations currently existing and those entering into effect if the General Meeting approves the proposed changes to the Articles of Association:

	AGM 2022	AGM 2023
<b>Zurich's registered share capital (art. 5)</b>	<b>100%</b> 150,460,167 shares	<b>100%</b> 150,460,167 shares
<b>Capital increases based on art. 5<sup>bis</sup> para. 1 and art. 5<sup>ter</sup> para. 1</b>		
Authorized share capital (AGM 2022)/ max. capital increases within the capital band ("upper limit") (AGM 2023) (art. 5 <sup>bis</sup> para. 1)	<b>29.8%</b> 44,882,400 shares	<b>25.7%</b> 38,717,348 shares
Contingent share capital for convertible bonds and similar financial instruments (art. 5 <sup>ter</sup> para. 1) <sup>3</sup>	<b>19.9%</b> 29,921,600 shares	<b>19.9%<sup>4</sup></b> 29,921,600 shares
<b>Total authorizations relating to capital increases</b>	<b>49.7%</b>	<b>45.6%</b>
Max. exclusion of subscription rights ("combined dilution cap") (art. 5 <sup>bis</sup> para. 5; art. 5 <sup>ter</sup> para. 1 lit. d); applicable to all capital increases based on art. 5 <sup>bis</sup> para. 1 and art. 5 <sup>ter</sup> para. 1	<b>9.9%</b> 14,960,800 shares	<b>9.7%</b> 14,600,000 shares
<b>Capital reductions within the capital band</b>		
Max. capital reductions within the capital band ("lower limit") (art. 5 <sup>bis</sup> para. 1)	n/a	<b>10.0%</b> 15,046,016 shares

## b) Capital increases (art. 5<sup>bis</sup> para. 2)

The Board determines the modalities of capital increases within the capital band. This includes that the Board is, among others, and subject to the combined dilution cap (see section 2d) below), authorized to restrict or exclude shareholders' subscription rights in each capital increase for the reasons set forth in art. 5<sup>bis</sup> para. 2 lit. c(i)–(iv). These reasons are the same as those currently listed in art. 5<sup>bis</sup> para. 4 lit. a–d.

<sup>3</sup> This table does not cover the contingent share capital for employee participation (art. 5<sup>ter</sup> para. 2), which allows to increase the share capital by up to 4,095,092 shares, corresponding to approx. 2.7% of the currently issued share capital. This authorization remains unchanged and is thus not subject to a vote at the AGM 2023.

<sup>4</sup> Unchanged and thus not subject to a vote at the AGM 2023.

### **c) Capital reductions and changes of nominal value (art. 5<sup>bis</sup> para. 3 and 4)**

The necessary modalities to implement capital reductions or to change the nominal value of shares within the capital band (e.g., nominal value reduction to repay share capital to shareholders) are outlined in art. 5<sup>bis</sup> para. 3 and 4.

### **d) Combined dilution cap (art. 5<sup>bis</sup> para. 5, 5<sup>ter</sup> para. 1 lit. d)**

For the reasons mentioned in section 2a), the Board proposes to reduce the combined dilution cap that limits non-preemptive issuances to a maximum of 14,600,000 shares (corresponding to 9.7% of the currently issued share capital). The combined dilution cap strikes a balance between the protection of shareholders against dilution and Zurich's need for flexibility and optionality comparable to its global peers in order to issue shares within a short period of time if needed.

The combined dilution cap limits non-preemptive issues to an overall maximum of 9.7% of the currently issued share capital regardless of whether the Board increases the share capital under the capital band (art. 5<sup>bis</sup>) or issues financial instruments or other rights sourced from the contingent share capital for convertible bonds and similar financial instruments (art. 5<sup>ter</sup> para. 1).

## **3. Amendments concerning the share register (art. 7 para. 2)**

Art. 7 para. 2 mirrors art. 685d para. 2 CO by newly granting the Board the possibility to refuse – in addition to the existing grounds for refusal – the entry in the share register of applicants who do, upon request, not declare that they have not entered into an agreement on the return or redemption of the relevant shares and that they bear the economic risk associated with the shares in another way (securities lending). The provision mitigates the danger of harmful voting practices that are against the interests of Zurich's beneficial owners.

Since this amendment must be adopted by a Qualified Majority, it will be voted on separately under agenda item 6.2.

## 4. Virtual General Meetings (art. 11 para. 4)

Art. 701d para. 1 CO newly allows Swiss companies to hold their General Meetings virtually without a physical meeting place if their articles of association provide for this. At virtual General Meetings, shareholders can exercise their shareholder rights (incl. the right to ask live questions or submit counterproposals and to vote) via live video streaming. Shareholders thus have full live participation and discussion rights and therefore the same participation rights as they would have for an in-person meeting.

Even though the Board expects that General Meetings of Zurich will continue to be held at a physical meeting place in Switzerland, it nevertheless proposes to create the necessary statutory basis and thus the necessary flexibility with art. 11 para. 4 to be able to hold virtual General Meetings in the future, if required. The Board will regulate the use of electronic means (art. 701e CO).

## 5. Further amendments to the Articles of Association (art. 6 para. 2, 10, 11 para. 3, 12, 18 para. 2, 19, 20, 23, 24, 32, 33, 35 and 37 para. 1)

The Board further proposes the amendments to the Articles of Association shown below to align the Articles of Association with the revised law, to improve the wording or consistency of certain provisions of the Articles of Association and to modernize the Articles of Association otherwise modestly on minor points.

### 5.1 Share certificates (art. 6 para. 2)

Art. 6 para. 2 contains editorial changes to clarify that shareholders have no right to demand printing or delivery of share certificates. Each shareholder may, however, at any time request a written confirmation from Zurich of the registered shares held by such shareholder, as reflected in the share register.

### 5.2 Additional powers of the General Meeting (art. 10)

Art. 10 reflects the amended catalogue of inalienable powers of the General Meeting. This includes, among others, the power of the General Meeting to approve the Board's report on non-financial matters (art. 10 no. 4). Such report will be drawn up the first time regarding the financial year 2023 and submitted to the AGM 2024 for approval in an advisory vote.

## 5.3 Convocation of a General Meeting

### a) Threshold to convene a General Meeting (art. 11 para. 3)

In line with art. 699 para. 3 no. 1 CO, the threshold for the convocation of a General Meeting is reduced from 10% to 5% of the share capital or the votes in the company (art. 11 para. 3).

### b) Agenda items proposed by shareholders (art. 12 para. 2)

Art. 12 para. 2 reflects, among others, the new right of shareholders to submit a brief written reasoning together with an agenda item or proposal.

### c) Publication of the annual report (art. 12 para. 4)

Art. 12 para. 4 stipulates that, among others, the annual report must be made available to shareholders electronically no later than 20 days before the AGM (art. 699a para. 1 CO).

### d) Further editorial changes (art. 12 para. 1 and 3)

Art. 12 para. 1 and 3 contain editorial changes and newly refer to the law instead of repeating the content of the relevant legal provisions.

## 5.4 Board of Directors (art. 19, 20, 23 and 24)

Art. 19 para. 2 reflects the amended catalogue of non-transferable and inalienable duties of the Board pursuant to art. 716a para. 1 CO but does not grant any additional powers to the Board other than provided by mandatory law.

In line with art. 716b para. 1 CO, it is further clarified that “third parties” means the executive committee in art. 20.

Art. 23 (incl. the deletion of art. 24) simplifies the rules regarding board organization by referring to Zurich’s organizational rules (**Organizational Rules**) in general. Accordingly, and in line with market practice, the Board will determine the rules on the convocation of its meetings, the passing of resolutions and other internal organizational matters in the Organizational Rules without a double layer in the Articles of Association. The rules governing the casting vote of the acting chair of the meeting have been moved from art. 24 para. 1 to art. 23 para. 2 without amending them in substance.



## 5.5 Amendments relating to the rules on remuneration

### **a) Duration of contracts with members of the Board and the Executive Committee (art. 32 para. 1 and 2)**

Pursuant to art. 735b CO, contracts with Board members concerning their remuneration may not exceed their term of office. Furthermore, agreements with members of the Executive Committee regarding their remuneration may either provide for an indefinite term with a notice period of not more than 12 months, or for a fixed term not exceeding 12 months. The revised Articles of Association reflect this.

### **b) Post-contractual non-competition clause (art. 32 para. 3)**

Art. 32 para. 3 is amended to conform it to the revised rules on post-contractual non-competition clauses. Pursuant to art. 735c no. 2 CO, the remuneration for such obligations may not exceed the average remuneration over the preceding three financial years and may only be paid if it is justified in terms of business.

### **c) Payment of remuneration to members of the Board or the Executive Committee (art. 18 para. 2)**

Art. 735d CO only allows group companies to pay remuneration to members of the Board or the Executive Committee if the articles of association so allow. The revised Articles of Association reflect this.

## 5.6 Amendments relating to permitted mandates

Art. 33 para. 2 and 3 are conformed to the new legal provisions and are revised to improve clarity and align them with market practice.

### **a) New mandate definition (art. 33 para. 3)**

The definition of “mandate” relating to the maximum permitted mandates of the members of the Board and the Executive Committee has been changed. Any membership in the board of directors, the executive committee or an advisory board (*Beirat*), or any comparable function under foreign law, newly counts as a mandate if such position is held in a company with an economic purpose. In contrast, under the previous law, mandates in the executive committee or an advisory board (*Beirat*) have not been covered, and the entry in the commercial register (or similar foreign register) was decisive as to whether a function counted as mandate. The revised Articles of Association reflect the amended “mandate” definition.

Furthermore, art. 33 para. 3 gives effect to the principle that several mandates in different legal entities of the same group (incl. asset management structures in accordance with art. 33 para. 2 lit. d) and mandates in legal entities closely associated with the group (such as pension funds and joint ventures) are deemed one mandate.

#### **b) Addition and clarification of exemptions (art. 33 para. 2)**

Art. 33 para. 1 defines the maximum number of permitted mandates of the members of the Board and the Executive Committee. This general limit remains unchanged.

Art. 33 para. 2, which provides for certain exemptions to the general limit, has been amended and supplemented to ensure practicality of the application of the exemptions. The Board believes that the more detailed description of exempted mandates will not change the current scope in substance but provides more clarity and transparency. In any case, the members of the Board and the Executive Committee are only permitted to assume additional mandates where, upon assuming them, sufficient time and resources remain available to perform their office at Zurich.

### **5.7 Communications (art. 35)**

Art. 35 has been amended to enable the use of the new options for communication by electronic means introduced with the Corporate Law Reform.

### **5.8 Place of jurisdiction (art. 37 para. 1)**

Today, art. 37 para. 1 states that the place of jurisdiction for disputes concerning corporate matters is at the seat of Zurich. The revised provision clarifies that this place of jurisdiction is exclusive. This already today follows from Swiss law (see art. 17 para. 1 of the Swiss Civil Procedure Code; art. 5 para. 1 of the Swiss Federal Act on Private International Law) and is therefore an editorial change only.



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