

Board of Directors Report

on the 2014 Revision of the Articles
of Incorporation
of Zurich Insurance Group Ltd

Table of contents

1. Introduction	4
2. Approval of the remuneration paid to the Board of Directors and the Group Executive Committee	5
a) Binding and advisory votes	
b) Consequences of rejection	
c) Supplementary remuneration amount for the Group Executive Committee	
3. Remuneration principles	7
4. Elections	8
5. Independent Voting Rights Representative	8
6. Number of permissible activities of members of the Board of Directors and the Group Executive Committee	9
7. Maximum term of contracts with members of the Board of Directors and the Group Executive Committee	10
8. Credit, Loans	10
9. Itemized Revisions to the Articles of Incorporation	11

1. Introduction

On March 3, 2013, Swiss voters approved the popular referendum “against rip-off salaries” (**Minder Initiative**), and thus the inclusion of art. 95, para. 3, in the Swiss Federal Constitution (SFC). On November 20, 2013, the Federal Council enacted the Ordinance against Excessive Remuneration in listed Stock Corporations (**ECO**), in implementation of SFC art. 93, para. 3. The ECO entered into effect on January 1, 2014 and is applicable until such time as legal provisions enacted in keeping with proper legislative procedure have entered into effect.

The ECO makes necessary, among other things, the introduction of amendments to the Articles of Incorporation. The present report is intended to provide shareholders of Zurich Insurance Group Ltd with information concerning the revision of the Articles of Incorporation, as proposed by the Board of Directors for the implementation of the ECO, and which contains additional amendments made necessary by other changes in the applicable legislation.

The most important amendments to the Articles of Incorporation will be explained below in sections 2 through 8. All other amendments are shown in the table provided in section 9, showing the current text alongside the proposed new text, for comparison.

All terms used for functions and individuals are intended to refer to both genders.

2. Approval of the remuneration paid to the Board of Directors and the Group Executive Committee

a) Binding and advisory votes

Art. 18 of the ECO requires that the General Meeting vote on the remuneration and the Board of Directors and the Group Executive Committee receive directly or indirectly from the Company. The details of the vote on remuneration are to be stipulated in the Articles of Incorporation, whereby these must be in compliance, at a minimum, with the following three rules (art. 18, para. 3, of the ECO):

1. Annual vote at the General Meeting
2. Separate votes on the Board of Directors and the Group Executive Committee
3. Binding effect of the vote

Art. 10 (6) of the revised Articles of Incorporation accordingly foresees that the General Meeting is to vote on approval of the remuneration paid to the Board of Directors and the Group Executive Committee. It has been foreseen that the General Meeting shall hold such a vote for the first time in 2015.

The details concerning the remuneration vote are set forth in art. 18 of the revised Articles of Incorporation. Art. 18 of the revised Articles of Incorporation provides that the General Meeting shall in future hold votes on the following motions:

- (i) Approval of the maximum total amount of the remuneration of the Board of Directors for the period until the next ordinary General Meeting.
- (ii) Approval of the maximum total amount of the remuneration of the Group Executive Committee for the next financial year.

Further, the revised Articles of Incorporation provide that the General Meeting shall hold an advisory vote on approval of the Remuneration report, in which the total amount of the remuneration that the Board of Directors and the Group Executive Committee have received during the past year is disclosed.

In derogation thereof, the Board of Directors may also submit to the General Meeting additional motions or seek approval for individual elements of the remuneration for other time intervals.

Art. 18, para. 2 and 3, of the revised Articles of Incorporation further provide that payment of the remuneration may also be effected by subsidiaries, and that the figures published in the Remuneration report are to be comparable with the maximum total amounts submitted for the vote of approval.

b) Consequences of rejection

Art. 18, para. 2, of the ECO provides that further procedures to be followed in the event of a rejection of the remuneration motion by the General Meeting may be set forth in the Articles of Incorporation.

Art. 18, para. 5, of the revised Articles of Incorporation stipulates the consequences of a negative vote, and determines that the Board of Directors may determine, in accordance with circumstances, the manner in which to proceed in the event of a negative vote. The Board of Directors may submit a revised total remuneration amount for a new vote, or provide a breakdown of the remuneration elements and submit them individually to a vote. The new vote may be carried out at the same ordinary General Meeting, or at an extraordinary General Meeting, or at the next ordinary General Meeting.

c) Supplementary remuneration amount for the Group Executive Committee

Art. 19 of the ECO provides that where voting on the remuneration is conducted on a prospective basis, the Articles of Incorporation may provide for a supplementary remuneration amount for members of the Group Executive Committee who are appointed after the vote.

Art. 18, para. 4, of the revised Articles of Incorporation states that the corresponding supplementary amount in each remuneration period may not exceed 30% of the total amount approved by the General Meeting for the remuneration of the Group Executive Committee in the respective remuneration period. The supplementary remuneration amount is available as a cumulative sum for all new members of the Group Executive Committee, that is, regardless of whether one or several new members take on positions in the Group Executive Committee subsequently to the vote on the remuneration.

3. Remuneration principles

Pursuant to art. 12, para. 2 (2) and (3), of the ECO, the Articles of Incorporation must include a statement of principles concerning the performance-based remuneration and the granting of equity securities, conversion rights, and option rights to members of the Board of Directors and members of the Group Executive Committee.

These principles are set forth in art. 25 and 28 of the revised Article of Incorporation. Art. 25 of the revised Articles of Incorporation sets forth the principles governing the remuneration of the Board of Directors; art. 28 sets forth those governing the remuneration of the Group Executive Committee.

The Board of Directors does not receive any performance-based remuneration. Art. 25 of the revised Articles of Incorporation stipulates that a portion, or the entirety, of the remuneration paid to the Board of Directors may be paid in the form of shares.

Remuneration paid to the Group Executive Committee is composed of a fixed remuneration component and of the variable short-term and long-term remuneration elements. The short-term variable remuneration components are described in greater detail in art. 28, para. 2, of the revised Articles of Incorporation; the long-term variable remuneration elements in art. 28, para. 3, of the revised Articles of Incorporation. Art. 28, para. 5, of the revised Articles of Incorporation, provides that the remuneration of the Group Executive Committee may take the form of cash, shares, options, equivalent instruments or units, or of benefits in kind or the performance of services.

Art. 25 and 28 of the revised Articles of Incorporation, together with the information in the Remuneration report and the further information to be included in announcements of General Meetings, furnish the requisite basis and transparency for ensuring that shareholders will be able, in the future, to be fully informed when voting on the maximum total remuneration amounts pursuant to art. 18 of the revised Articles of Incorporation.

4. Elections

Under the new rules, in accordance with art. 2 of the ECO, the General Meeting annually elects the members of the Board of Directors, the Chairman of the Board of Directors, the members of the remuneration committee, and the independent voting rights representative. The term of office of the members of the Board of Directors ends, pursuant to art. 3, para. 2, of the ECO upon the conclusion of the next ordinary General Meeting.

These new provisions make necessary the introduction, in various places, of changes and additions to the Articles of Incorporation as they now stand. These amendments are found, specifically, in art. 10 (2); art. 13, para. 5; art. 21; art. 22; and art. 26, para. 2, of the revised Articles of Incorporation.

5. Independent Voting Rights Representative

Pursuant to art. 11 of the ECO, the representation of shareholders by members of the corporate bodies of the Company or by proxy holders for deposited shares is no longer permissible. Representation by the independent voting rights representative is, however, still permissible.

These provisions make necessary an amendment to the existing art. 13 of the Articles of Incorporation. In the revised version, art. 13, para. 2, stipulates that a shareholder may now choose to be represented at the General Meeting by another shareholder with voting rights, or in the case of nominees with voting rights, by the beneficial owner, or by the independent voting rights representative. The references to representation by members of the corporate bodies of the Company or the proxy holders for deposited shares in art. 13, para. 3, of the Articles of Incorporation has been removed. Minors and persons under conservatorship may be represented by their legal representatives, married persons by their spouses, and legal entities by authorised signatories or other authorised representatives, even if such person is not a shareholder (art. 13, para. 3, of the revised Articles of Incorporation).

6. Number of permissible activities of members of the Board of Directors and the Group Executive Committee

Pursuant to art. 12, para. 1 (1), of the ECO, the Articles of Incorporation must now include provisions concerning the number of permissible activities that may be undertaken by the members of the Board of Directors or Group Executive Committee.

Art. 33, para. 1, of the revised Articles of Incorporation sets forth the following, generally applicable, maximum limits:

	Board of Directors	Group Executive Committee
Additional mandates for listed companies	3 maximum	1 maximum
Mandates for non-listed companies	5 maximum	3 maximum

Exempted from this general limit are the following categories of mandates (art. 31, para. 2, of the revised Articles of Incorporation).

	Board of Directors	Group Executive Committee
Mandates for subsidiaries	No limit	No limit
Mandates on behalf of or on the instructions of the Zurich Insurance Group Ltd	5 maximum	5 maximum
Mandates for associations, charitable organizations, foundations or pension foundations	5 maximum	5 maximum

Multiple mandates for different companies under unified control are accounted as a single mandate. The maximum limits set forth in the revised Articles of Incorporation do not discharge the members of the Board of Directors or Group Executive Committee from their generally applicable duties to show due care and to protect Company interests. As in the past, the assumption of additional mandates is possible only where, upon assumption of such mandates, sufficient time and resources remain available for performance of the office held in the Company.

7. Maximum term of contracts with members of the Board of Directors and the Group Executive Committee

Art. 12, para. 1 (2), of the ECO provides that the Articles of Incorporation are to include provisions concerning the maximum term of contracts of definite duration, or the maximal termination notice period for contracts of indefinite duration, on which the remuneration of the members of the Board of Directors and Group Executive Committee is based. Pursuant thereto, the maximum term or termination notice period of such contracts may not exceed one year.

Art. 32, para. 1, of the revised Articles of Incorporation foresees contracts both of definite duration and of indefinite duration for members of the Board of Directors, the term and termination of which are determined in accordance with the term of office and the law.

For members of the Group Executive Committee, art. 32, para. 2, of the revised Articles of Incorporation foresees the possibility of concluding with them contracts of indefinite duration, subject to a termination notice period of no more than twelve months.

Art. 32, para. 3, of the revised Articles of Incorporation further states that post-contractual non-competition duties may be agreed upon for a maximum term of one year and that the compensation paid in exchange therefor may not exceed the total fixed and short-term variable remuneration paid over the preceding twelve months.

8. Credit, Loans

Pursuant to art. 12, para. 2 (1), of the ECO, the Articles of Incorporation must set rules governing the amount of loans and credits members of the Board of Directors and of the Group Executive Committee may receive from the Company.

Art. 34 of the revised Articles of Incorporation provides that the Company may grant members of the Board of Directors and of the Group Executive Committee credit and loans to a maximum amount of CHF 3 million per individual.

9. Itemized Revisions to the Articles of Incorporation

This is a translation of the original German version. In case of doubt or differences of interpretation the official German version of the Articles of Incorporation shall prevail over the English text.

Current version:

Revised version as per the motion of the Board of Directors (changes in *italics*):

I Name, Domicile, Duration and Purpose of the Company

Article 1 Name

Article 2 Domicile

Article 3 Duration

Article 4 Purpose

I Name, Domicile, Duration and Purpose of the Company

Article 1 Name

(Wording unchanged)

Article 2 Domicile

(Wording unchanged)

Article 3 Duration

(Wording unchanged)

Article 4 Purpose

(Wording unchanged)

II Share Capital

Article 5 Share Capital

Article 5^{bis} Authorised Share Capital

Article 5^{ter} Contingent Share Capital

II Share Capital

Article 5 Share Capital

(Wording unchanged)

Article 5^{bis} Authorised Share Capital

(See separate motion Agenda Item 5 of the Invitation)

Article 5^{ter} Contingent Share Capital

(Wording unchanged)

III Shares, Position of Shareholders

Article 6 Share Certificates and Intermediated Securities

Article 7 Share Register

Article 8 Application for Entry

III Shares, Position of Shareholders

Article 6 Share Certificates and Intermediated Securities

(Wording unchanged)

Article 7 Share Register

(Wording unchanged)

Article 8 Application for Entry

(Wording unchanged)

IV Organisation of the Company

Article 9 Corporate Bodies

The corporate bodies are:

- A The General Meeting
- B The Board of Directors
- C The Auditors
- D The additional official bodies designated by the Board of Directors on the basis of Article 19 as part of the organisational rules issued by the Board of Directors.

A General Meeting

Article 10 Powers

The General Meeting shall have the following powers:

- 1 The adoption and the amendment, subject to articles 651a, 652g, 653g and 653i of the Swiss Code of Obligations, of the articles of incorporation;
- 2 The election and dismissal of members of the Board of Directors and the Auditors;

IV Organisation of the Company

Article 9 Corporate Bodies

The corporate bodies are:

- A The General Meeting
- B The Board of Directors
- C *The Group Executive Committee*
- D The Auditors

A General Meeting

Article 10 Powers

The General Meeting shall have the following powers:

- 1 The adoption and the amendment, subject to articles 651a, 652g, 653g and 653i of the Swiss Code of Obligations, of the articles of incorporation;
- 2 The election and dismissal of members of the Board of Directors, *of the Chairman of the Board of Directors, of the members of the Remuneration Committee, of the inde-*

3 The election and dismissal of a further auditor as special auditor to undertake the special audits required for an increase in share capital;

4 The approval of the annual report, the annual financial statements and the consolidated financial statements;

5 Resolutions on the use of the available earnings, in particular the declaration of dividends;

6 The release from liability of the members of the Board of Directors and the other management bodies;

7 Passing resolutions on matters which are by law or by the articles of incorporation reserved to the General Meeting of shareholders, or, subject to the provisions laid down in article 716a of the Swiss Code of Obligations, which are submitted to it by the Board of Directors.

Article 11 Calling the General Meeting

Article 12 Procedure for Calling the Meeting, Agenda

4 The annual report and the auditors' reports will be available for the inspection of shareholders at the Company's domicile twenty days, at the latest, before the ordinary General Meeting. Every shareholder can request immediate delivery of a copy

pendent voting rights representative and of the Auditors;

3 The election and dismissal of a further auditor as special auditor to undertake the special audits required for an increase in share capital;

4 The approval of the annual report, the annual financial statements and the consolidated financial statements;

5 Resolutions on the use of the available earnings, in particular the declaration of dividends;

6 Approval of remuneration of the Board of Directors and Group Executive Committee, pursuant to art. 18 of the articles of incorporation.

7 The release from liability of the members of the Board of Directors and of the Group Executive Committee;

8 Passing resolutions on matters which are by law or by the articles of incorporation reserved to the General Meeting of shareholders, or, subject to the provisions laid down in article 716a of the Swiss Code of Obligations, which are submitted to it by the Board of Directors.

Article 11 Calling the General Meeting

(Wording unchanged)

Article 12 Procedure for Calling the Meeting, Agenda

(Para. 1–3: wording unchanged)

4 The annual report, *the remuneration report*, and the auditors' reports will be available for the inspection of shareholders at the Company's domicile twenty days, at the latest, before the ordinary General Meeting. Every shareholder can request

of these documents. Shareholders will be notified about this in writing.

Article 13 Right of Attendance, Representation

2 A shareholder entered in the share register as a shareholder with voting rights, who cannot attend the General Meeting personally, may authorise another shareholder with voting rights or in the case of nominees with voting rights, the beneficial owner, to represent him at the General Meeting by means of a written authorisation to be submitted to the Company. This provision shall be subject to paragraph 3 below. In a directive, the Board of Directors may set forth the requirements for the representation of shares held by nominees with voting rights by the beneficial owner.

3 Representatives of corporate bodies of the Company and proxy holders for deposited shares, as well as independent proxy holders designated by the Company, need not be shareholders. Minors and wards may be represented by their legal representatives, married persons by their spouses, and legal entities by authorised signatories or other authorised representatives, even if such person is not a shareholder.

immediate delivery of a copy of these documents. Shareholders will be notified about this in writing.

Article 13 Right of Attendance, Representation

(Para. 1: wording unchanged)

2 A shareholder entered in the share register as a shareholder with voting rights, who cannot attend the General Meeting personally, may, *by means of a written authorisation to be submitted to the Company*, authorise another shareholder with voting rights or in the case of nominees with voting rights, the beneficial owner, to represent him. *He may also appoint the independent voting rights representative to represent him.*

3 Minors and *persons under conservatorship* may be represented by their legal representatives, married persons by their spouses, and legal entities by authorised signatories or other authorised representatives, even if such person is not a shareholder.

4 *The Board of Directors sets the conditions for authorisations and instructions, whereby electronic authorisations and instructions without qualified electronic signature may also be permitted. The conditions for representation by the beneficial owner of shares held by nominees with voting rights may be set by the Board of Directors in a directive.*

Article 14 Votes

Article 15 Quorum

Article 16 Presiding Officer

Article 17 Resolutions and Elections

1 The General Meeting shall pass its resolutions and carry out its elections by a simple majority of the votes exercised, excluding abstentions, blank and invalid votes, unless the articles of incorporation or mandatory legal provisions (article 704 of the Swiss Code of Obligations) shall stipulate otherwise. In the event of the votes being equally divided, the decision shall rest with the Chairman of the meeting.

(New article)

5 The General Meeting elects the independent voting rights representative. His term of office ends with the conclusion of the next ordinary General Meeting. Re-election is possible. Where the Company has no independent voting rights representative, the Board of Directors shall designate one for the next General Meeting.

Article 14 Votes

(Wording unchanged)

Article 15 Quorum

(Wording unchanged)

Article 16 Presiding Officer

(Wording unchanged)

Article 17 Resolutions and Elections

1 The General Meeting shall pass its resolutions and carry out its elections by a simple majority of the votes exercised, excluding abstentions, blank and invalid votes, unless the articles of incorporation or mandatory legal provisions shall stipulate otherwise. In the event of the votes being equally divided, the decision shall rest with the Chairman of the meeting.

(Para. 2: wording unchanged)

Article 18 Approval of Remuneration

1 The General Meeting shall approve annually the motions of the Board of Directors with regard to the maximum total amounts

a of the remuneration of the Board of Directors for the period until the next ordinary General Meeting;

b of the remuneration of the Group Executive Committee for the next financial year.

The Board of Directors may present for approval to the General Meeting motions concerning the maximum total amount, or individual elements of remuneration for other time intervals and/or supplementary amounts for other remuneration elements, as well as additional contingent motions. If the remuneration for the Group Executive Committee is submitted for the next financial year according to lit b. above, the remuneration report for that financial year will be submitted to the General Meeting for consultative vote.

2 Remuneration may be paid by the Company or by its group companies.

3 The Board of Directors shall determine the value of the remuneration in keeping with the same principles as applied in the remuneration report. Conditionally allocated remuneration elements shall be valued at the time the conditional grant is made.

4 The Company or its group companies are authorized to make payment to any member who joins the Group Executive Committee during a period for which the General Meeting has already approved the remuneration of the Group Executive Committee, of a supplementary amount for the period(s) in question, where the total amount already approved for such remuneration is not sufficient. The sum of all supplementary amounts may not exceed, during any one remuneration period, 30% of the respective total amount of approved maximum remuneration of the Group Executive Committee.

5 Where the General Meeting rejects a motion by the Board of Directors, the Board of Directors shall determine the maximum total amount or several maximum partial amounts, taking into consideration

all relevant factors, and shall submit this/ these to the General Meeting for approval. Where maximum total or partial amounts have been determined in this manner, the Company or its group companies may make contingent payment of remuneration, subject to approval by the General Meeting.

B Board of Directors

Article 18 Duties and Powers

- 2 The Board of Directors has the following non-transferable and inalienable duties:
- a The ultimate management of the Company and the giving of the necessary directives;
 - b The establishment of the organisation;
 - c The structuring of the accounting system and of the financial controls, as well as the financial planning;
 - d The appointment and removal of the persons entrusted with the management and the representation, as well as determining who shall be authorised to sign for and on behalf of the Company and to represent it;
 - e The ultimate supervision of the persons entrusted with the management, in particular in view of compliance with the law, the articles of incorporation, organisational rules and directives;
 - f The preparation of the annual report, as well as the preparation of the General Meeting of shareholders and the implementing of its resolutions;

B Board of Directors

Article 19 Duties and Powers

(Para. 1: wording unchanged)

- 2 The Board of Directors has the following non-transferable and inalienable duties:
- a The ultimate management of the Company and the giving of the necessary directives;
 - b The establishment of the organisation;
 - c The structuring of the accounting system and of the financial controls, as well as the financial planning;
 - d The appointment and removal of the *members of Group Executive Committee and the* persons entrusted with representation, as well as determining who shall be authorised to sign for and on behalf of the Company and to represent it;
 - e The ultimate supervision of the *Group Executive Committee*, in particular in view of compliance with the law, the articles of incorporation, organisational rules and directives;
 - f The preparation of the annual *and remuneration reports*, as well as the preparation of the General Meeting of shareholders and the implementing of its resolutions;

g The notification of the judge in the case of over indebtedness;

h The formal acknowledgement that a capital increase has been carried out and the appropriate changes in the articles of incorporation have been made, as well as drawing up the report on the capital increase.

Article 19 Delegation of Powers

1 The Board of Directors may assign the preparation or the implementation of its resolutions to committees or individual members, and – subject to the mandatory legal provisions – delegate duties or powers completely or partially to individual board members or to third parties who need not be shareholders.

2 In particular, the Board of Directors may appoint an executive management consisting of one or more members, which shall be responsible for managing and representing the Company in accordance with the organisational rules issued by the Board of Directors.

Article 20 Election, Term of Office

1 The Board of Directors shall consist of at least seven but not more than thirteen members who must be shareholders.

2 The ordinary term of office of the members of the Board of Directors shall be three years subject to prior resignation or removal, where one year is understood to be the period from one ordinary General Meeting to the next ordinary General Meeting. Newly appointed members of the Board shall complete the term of their predecessor. On the expiration of their terms of office, the members may be re-elected immediately.

g The notification of the judge in the case of over indebtedness;

h The formal acknowledgement that a capital increase has been carried out and the appropriate changes in the articles of incorporation have been made, as well as drawing up the report on the capital increase.

Article 20 Delegation of Powers

The Board of Directors may assign the preparation or the implementation of its resolutions to committees or individual members, and – subject to the mandatory legal provisions – delegate duties or powers completely or partially to individual board members or to third parties who need not be shareholders.

Article 21 Election, Term of Office

1 The Board of Directors shall consist of at least seven but not more than thirteen members.

2 *The General Meeting elects the Chairman and the other members of the Board of Directors individually. The term of office of the Chairman and of the other members of the Board of Directors ends with the conclusion of the next ordinary General Meeting. Re-election is possible.*

3 The Board of Directors shall organise the election of its members in such a way as to ensure that no more than four members shall complete their ordinary term of office at any one General Meeting.

4 Should the number of members drop below the minimum number provided in these articles of incorporation, the completion of the Board of Directors may be deferred until the next ordinary General Meeting, provided the Board still consists of at least six members.

5 The election of members of the Board of Directors is effected on an individual basis.

Article 21 Organisation

1 The Board of Directors shall elect from amongst its members a Chairman and a Vice-Chairman, and shall appoint a secretary.

Article 22 Calling of Meetings, Resolutions in Writing

Article 23 Adopting Resolutions, Taking Minutes

1 Resolutions of the Board of Directors shall be adopted and persons elected by an absolute majority of votes cast. In case of a tie, the Chairman of the meeting shall have the casting vote except in the following matters (provided that the Board resolved to create the respective committee referred to below):

- a Matters that are the subject of a recommendation from the audit committee;

3 Should the number of members drop below the minimum number provided in these articles of incorporation, the completion of the Board of Directors may be deferred until the next ordinary General Meeting, provided the Board still consists of at least six members.

4 Should the office of the Chairman become vacant, the Board of Directors shall designate from amongst its members a Chairman to serve until the conclusion of the next ordinary General Meeting.

Article 22 Organisation

1 The Board of Directors shall *determine its own organisation subject to the powers vested in the General Meeting.*

(Para. 2: wording unchanged)

Article 23 Calling of Meetings, Resolutions in Writing

(Wording unchanged)

Article 24 Adopting Resolutions, Taking Minutes

1 Resolutions of the Board of Directors shall be adopted and persons elected by an absolute majority of votes cast. In case of a tie, the Chairman of the meeting shall have the casting vote except in the following matters (provided that the Board resolved to create the respective committee referred to below):

- a Matters that are the subject of a *motion* or a recommendation from the audit committee;

- b Matters that are the subject of a recommendation from the remuneration committee in relation to the remuneration of the Chairman of the Board;
- c Matters that relate to the appointment or removal of the Chairman of the Board;
- d Appointments to the committees;
- e Nominations for the election of members of the Board that are not made on the basis of a proposal by the governance and nominations committee.

- b Matters that are the subject of a *motion* or a recommendation from the *Remuneration Committee* in relation to the remuneration of the Chairman of the Board;
- c Appointments to the committees;
- d Nominations for the election of members of the Board that are not made on the basis of a *motion* or a recommendation by the governance and nominations committee.

(Para. 2: wording unchanged)

Article 24 Remuneration for Board of Directors

Members of the Board of Directors shall receive a fixed remuneration which is determined by the Board of Directors in accordance with the claims made on them and their degree of responsibility.

Article 25 Remuneration

The Board of Directors may determine that a part, or the entirety, of their remuneration is to be paid in the form of shares. In such case it shall determine the conditions, including the time of payment and any sales restrictions on their transfer. It may provide, contingent upon the occurrence of certain events designated in advance, such as a change in control or the termination of a mandate, that transfer restrictions are to be reduced or lifted, or that payment of remuneration is to be forfeited.

Article 26 Remuneration Committee

1 The Remuneration Committee shall, as a general rule, consist of at least three members of the Board of Directors.

2 The General Meeting elects the members of the Remuneration Committee individually. Their term of office ends with the conclusion of the next ordinary General Meeting. Re-election is possible. In the event of the early termination of the mandate of one

(New article)

or more members, the Board of Directors may designate from amongst its members substitute members to serve until the conclusion of the next ordinary General Meeting.

3 The Remuneration Committee shall deal with the remuneration policy of the Group Executive Committee and the remuneration architecture of the Company. It shall have the tasks, and dispose of the authority to make resolutions and submit proposals, as assigned to it under the organisational rules and the Remuneration Committee Charter. In particular, it shall assist the Board of Directors in establishing and evaluating the remuneration system and the principles for determining remuneration, and in preparing proposals for submission to the General Meeting on the approval of remuneration, pursuant to art. 18 of the articles of incorporation. The Remuneration Committee may submit to the Board of Directors proposals and recommendations in all matters concerning remuneration.

4 The organisational rules and the Remuneration Committee Charter may assign additional tasks to the Remuneration Committee.

C Group Executive Committee

Article 27 Election, Powers

(New article)

The Board of Directors shall appoint the Group Executive Committee, which shall be responsible for conducting the management of, and for representing, the Company in accordance with the organisational rules enacted by the Board of Directors.

(New article)

Article 28 Remuneration

1 Remuneration of the Group Executive Committee shall be comprised of fixed and variable elements. The fixed remuneration shall include a base salary plus further remuneration elements. The variable remuneration may include short-term and long-term remuneration elements. The total remuneration shall take into account the recipient's functions and level of responsibility.

2 The short-term remuneration elements shall be based upon objective performance values determined in accordance with the results of the group and/or a business segment, or with targets relative to the market, other companies, or similar benchmarks and/or against individual targets, and of which achievement is measured, as a rule, over intervals of one year. The annual target of the short-term remuneration elements shall be capped at 100% of the base salary; depending upon the performance achievements, the remuneration may be in an amount not to exceed 200% of the target.

3 The long-term remuneration elements shall be based upon objective performance criteria determined in accordance with strategic targets, and of which achievement is measured, as a rule, over intervals of several years. The annual target amount of the long-term remuneration elements shall be determined as a percentage of the base salary and is capped as defined in the remuneration rules; depending upon the performance achieved, the actual remuneration may be an amount not to exceed 200% of the target. The Board of Directors and the Remuneration Committee shall ensure adherence to the long-term objectives of the

Company by setting appropriate conditions and deadlines for the exercise of rights, retention periods, and conditions for the expiration of rights.

4 The Board of Directors, or the Remuneration Committee, shall determine the performance and the target amount of the short-term and long-term elements of remuneration, and the criteria for achievement thereof.

5 Remuneration of the Group Executive Committee may take the form of cash, shares, options, equivalent instruments or units, or of benefits in kind or the performance of services. The Board of Directors or the Remuneration Committee shall determine the conditions for the granting thereof, the conditions and deadlines for the exercise thereof, and any retention periods or conditions of expiration. It may provide, contingent upon the occurrence of certain events designated in advance, such as a change in control or the termination of an employment relationship, that the conditions and deadlines for the exercise of rights, or retention periods, are to be shortened or cancelled, that remuneration is to be paid based on an assumption of the achievement of target values, or that remuneration is to be forfeited.

C Auditors

Article 25 Election, Powers

The General Meeting shall elect as auditors an auditing company which complies with the legal requirements, for the term of one year. Its rights and duties shall be governed by the provisions of the law.

D Auditors

Article 29 Election, Powers

The General Meeting shall elect as auditors an auditing company which complies with the legal requirements. Its rights and duties shall be governed by the provisions of the law. *The term of office ends with the conclusion of the next ordinary General Meeting. Re-election is possible.*

V Financial Year and Use of Profits

Article 26 Financial Year

The financial year of the Company shall be determined by the Board of Directors.

The annual accounts, consisting of the statement of income, the balance sheet and the notes to the financial statements, shall be drawn up in accordance with the provisions of the Swiss Code of Obligations, in particular articles 662a et seq. CO, and established accounting rules and practices.

Article 27 Use of Profits

V^{bis} Intended Acquisition of Assets

Article 27^{bis}

V Financial Year and Use of Profits

Article 30 Financial Year

1 The financial year of the Company shall be determined by the Board of Directors.

2 The annual accounts shall be drawn up in accordance with the provisions of the Swiss Code of Obligations, in particular articles 662a et seq. and 957 et seq. CO, and established accounting rules and practices.

Article 31 Use of Profits

(Wording unchanged)

V^{bis} Intended Acquisition of Assets

Article 31^{bis}

(Wording unchanged)

VI General Provisions

(New article)

VI General Provisions

Article 32 *Contracts with Members of the Board of Directors or the Group Executive Committee*

1 *The Company or its group companies may conclude contracts on scope of the mandate and remuneration, of indefinite or definite duration, with members of the Board of Directors. The duration and termination thereof shall be determined in accordance with the term of office and the law. Contracts with members of the Board of Directors may not exceed their term of office as set forth in art. 21 para. 2.*

2 The Company or its group companies may conclude employment contracts of indefinite duration with members of the Group Executive Committee, subject to a maximum notice period of twelve months.

3 An agreement foreseeing a post-contractual non-competition duty is permissible, provided that the agreed term does not exceed one year, and that the compensation does not exceed the amount the member of the Group Executive Committee received in the form of fixed and short term variable remuneration elements over the preceding 12 months.

Article 33 Number of Mandates Permitted

(New article)

1 Members of the Board of Directors may not hold more than three additional mandates for listed companies, and five mandates for non-listed companies; members of the Group Executive Committee may not hold more than one additional mandate for a listed company and three mandates for non-listed companies.

2 The following mandates are exempted from the foregoing limits:

a Mandates for the Company and its group companies.

b Mandates held on behalf of, or at the behest of, the Company, or of a group company, for a company not affiliated with the group. Members of the Board of Directors or the Group Executive Committee may not hold more than five such mandates.

c Mandates for associations, charitable organizations, foundations or pension foundations. Members of the Board of Directors or the Group Executive Committee may not hold more than five such mandates.

3 A mandate, within the meaning of this provision, is defined as a position in the supreme governing bodies of legal entities that are required to be registered with the Commercial Register or with an equivalent foreign register. Multiple mandates for different companies under unified control are accounted as a single mandate.

Article 34 Credit and Loans

The Company may provide members of the Board of Directors or the Group Executive Committee with credit and loans to a total maximum amount of CHF 3 million per individual.

(New article)

Article 28 Notices, Communications

Article 35 Notices, Communications

(Wording unchanged)

Article 29 Liquidation

Article 36 Liquidation

(Wording unchanged)

VII Disputes

VII Disputes

Article 30 Place of Jurisdiction

Article 37 Place of Jurisdiction

(Wording unchanged)

Zurich Insurance Group Ltd
c/o SIX SAG Ltd
P.O. Box
CH-4609 Olten
Phone +41 (0)44 625 22 55
Fax +41 (0)44 625 20 09
shareholder.services@zurich.com

