



Corporate Governance and Sustainability at Zurich

Zurich Insurance Group
December 2020



Strategic update

- Delivery over 2016-19 created a simpler, more agile and efficient company;
- Accelerating our customer focused strategy and the digitalization of the business

Resilience through the crisis

- Group has been resilient through the crisis
- Actions have led to improved customer and satisfaction scores

Sustainability

- Committed to being one of the most responsible and impactful businesses in the world
- Addressing unprecedented changes in our society through climate, data and people strategies

Corporate Governance

- Board and management committed to addressing the needs of all stakeholders

Remuneration

- Remuneration architecture aligned to performance and execution against the Group's targets and strategy

Strategic update



Over 2017-19 we delivered on our targets and on the transformation of the company

2017 – 2019 TARGETS

	TARGET	FY-19	
BOPAT ROE	>12%	14.2% ¹	✓
EXPENSE SAVINGS	USD 1.5bn	USD 1.6bn	✓
Z-ECM	100-120%	129% ²	✓
CASH REMITTANCES	USD >9.5bn	USD 10.9bn	✓

ACHIEVEMENTS

Simplified and flexible organization

- ✓ Delayed structure
- ✓ Simplified IT landscape
- ✓ Simplified products and services

Improved efficiency

- ✓ Over-delivered on USD 1.5bn savings program
- ✓ Reduced corporate center expenses

Strengthened business and culture

- ✓ Strengthened position of our key countries
- ✓ Improved the Commercial profitability
- ✓ Built culture of customer focus and innovation
- ✓ Reinvigorated growth with low earnings volatility

¹ Business Operating Profit after tax return on equity, excluding unrealized gains and losses.

² FY-19 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.

At the end of last year we set new challenging targets and a clear direction for the group

2020 – 2022 AMBITION



BOPAT ROE

TARGET

>14%¹



CASH
REMITTANCES

USD >11.5bn



Z-ECM

100-120%



EARNINGS PER
SHARE GROWTH

>5% p.a. ²

OUR PATH TO

- ✓ Customer led
- ✓ Modular and personalized
- ✓ Serving customer needs
- ✓ Transparent
- ✓ Intuitive and convenient
- ✓ Supporting society and community

¹ Business Operating Profit after tax return on equity, excluding unrealized gains and losses.

² Before capital deployment.

Our solid foundation allowed us to manage the COVID-19 crisis with improved satisfaction levels of customers and employees

SUPPORT FOR CUSTOMERS



>USD 100m



~USD 300m²

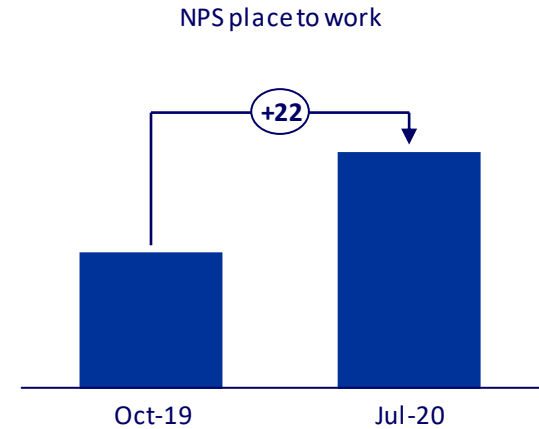
STRENGTHENED CUSTOMER FOCUS



Retail NPS move³



INCREASED EMPLOYEE SATISFACTION



Support during COVID-19 crisis:

- Rapid move to working from home
- Provision of home IT and office equipment
- Hospitalization benefits for employees and their families
- Ramp-up of rapid reskilling to facilitate talent mobility due to changing workloads

¹ For all references to Farmers Exchanges see the disclaimer and cautionary statements.

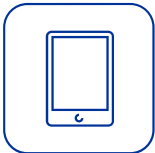
² Farmers Exchanges GWP impact of premium refunds announced on April 30, 2020.

³ HY-20 vs. FY-19. North America NPS data reflects commercial business.

We are accelerating the execution of our customer focused strategy and the digitalization of our business



Strengthened position in accident and health with the acquisition of the SME portfolio of CSS Versicherung AG in Switzerland



Enhanced agents' digital tools to increase productivity and facilitate customer interactions during lockdown



- Launched long-term strategic alliance with Orange in Spain
- Extended Deutsche Bank exclusive partnership to Postbank brand and renewed contract for 10 years in Germany



Strengthened North America management team with the appointment of a U.S. Head of Middle Market

ACCELERATED DEVELOPMENT OF DIGITAL SERVICES



New Global Business Platforms unit focusing on digital services

New role of Group Chief Information and Digital Officer to speed digital transformation

New role of Group Chief Transformation Officer to drive cultural change

ACCELERATED ROLL-OUT OF ZCAM¹



360° customer view

Artificial intelligence driven insights to predict next customer need

100% integration with sales channels

© Zurich
¹ Zurich Customer Active Management.

Leadership team strengthened and reorganized to provide further focus in support of our strategy

MANAGEMENT TEAM REFRESHED AND STRENGTHENED¹

GROUP CHIEF EXECUTIVE OFFICER – Mario Greco

BUSINESS HEADS

Farmers Group, Inc.
Jeff Dailey

Latin America
Laurence Maurice

Zurich North America
Kristof Terry²

APAC
Tulsi Naidu

EMEA
Alison Martin

Commercial Insurance
James Shea

Global Business Platforms
Jack Howel²

FUNCTIONAL HEADS

Chief Financial Officer
George Quinn

Chief Risk Officer
Peter Giger

Chief Investment Officer
Urban Angehrn

Chief Information &
Digital Officer
Ericson Chan

New Executive Committee members

IN SUPPORT OF THE STRATEGY WE HIGHLIGHTED LAST YEAR

We have developed connected propositions enriched by services to improve customer experience

Retail is fundamentally changing, propelled by new technology and shifting demographics

A NEW MODEL IS EMERGING

Customer proximity
Customer intimacy & pull approach
Customer reach

Old model
Capital ownership of customers

New model
Customer partners in open platforms

Agents Direct Banc-assurance Affiliates Platforms

LARGE AND VERY DIFFERENT CUSTOMER SEGMENTS ARE ENTERING NEW LIFE STAGES

Pre-work Start to work Family formation Maturity Retirement

¹ For all references to Farmers Exchanges see the disclaimer and cautionary statement. November 16, 2019

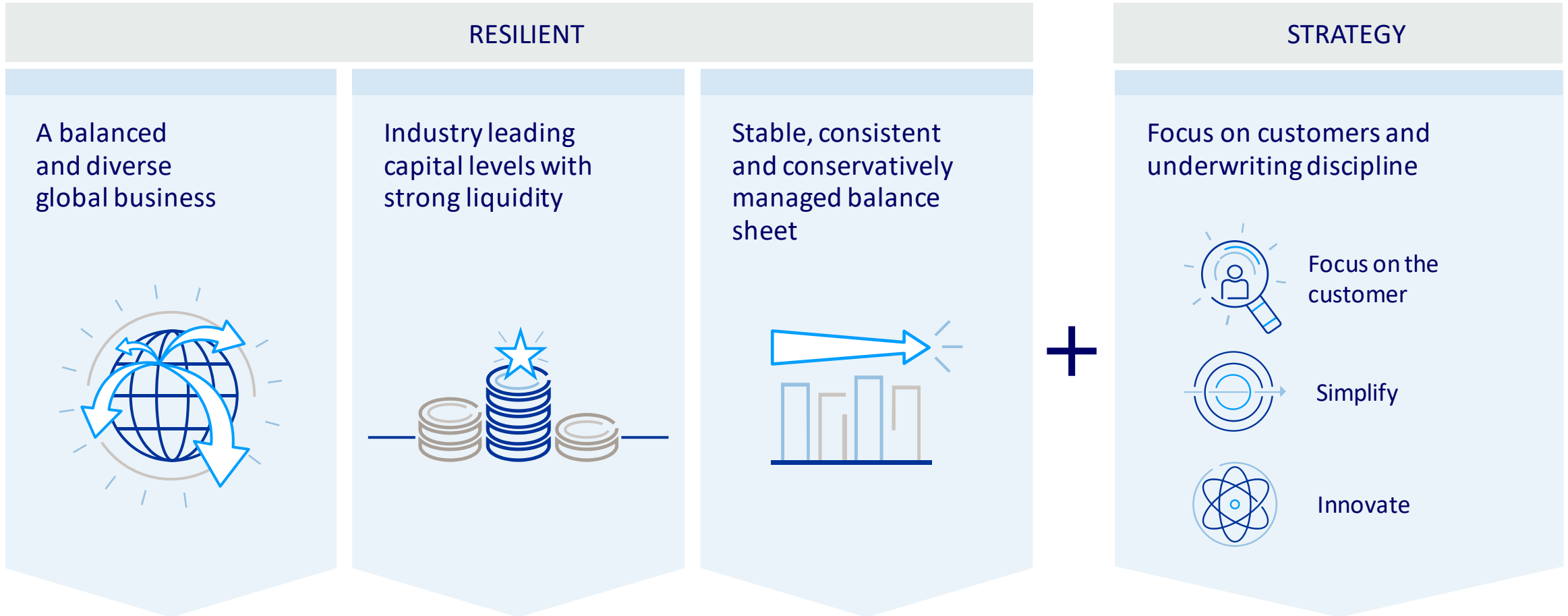
² Estimate based on United Nations, World Population Prospects 2016. November 16, 2019

NEW MANAGEMENT TEAM

- Further strengthens digital capabilities
- Supports the further acceleration of digitalization of the business
- Increases focus in development of innovative retail platforms
- Further increases diversity of the Group executive team

¹ Per January 1, 2021
² Existing Executive Committee member with new responsibilities.

We are well positioned for future success



Sustainability



“We want to be known as one of the most responsible and impactful businesses in the world”

Group CEO
Mario Greco



We delivered strong progress against our priorities, enhancing the resilience of our business, our employees and communities



Insurer

- Established [Group-wide Climate approach](#) to align our business with a 1.5°C future
- Contributed to the development of [carbon footprint methodologies](#) in cooperation with industry bodies
- [Expanded our 2019 thermal coal, oil sands and oil shale policy](#)
- Launched effort to [develop sustainable products and services](#); first results with Climate Change Resilience



Investor

- Exceeded [USD 5bn of impact investment](#) portfolio; now prioritizing on reaching our impact targets (5m tons of CO2 avoided and benefit to 5m people)
- Collaboration with the Science Based Target initiative and the UN-backed Net-Zero Asset Owner Initiative to [operationalize our net-zero investment journey](#) with aim of setting first 2025 target in Q1 2021



Employer

- [Prioritized the safety and wellbeing of employees during COVID-19 crisis](#); employees felt highly supported which is reflected in the record eNPS score and highest point increase ever
- [Increased internal talent mobility](#) as a means of filling vacant positions and addressing priority work, aligning internal talent to where it is most needed






Community

- Z Zurich Foundation [pledge CHF 20m to support vulnerable charities](#) during the COVID-19 crisis
- [Expanded Global Flood Resilience Program](#) to 200 additional communities in order to reach 4m people by 2024

Delivery against our ambition is widely recognized by external assessors

OUR RATINGS¹

	'AA' rating ¹
<p>Member of</p>  <p>Powered by the S&P Global CSA</p>	#1 in insurance group ²
 <p>FTSE4Good</p>	Absolute Score of 4.4 (out of 5.0) ³
	'A-' Management Level ⁴

OUR LONG-TERM COMMITMENT



OUR ENGAGEMENT PARTNERS

- Lead author of the World Economic Forum Global Risk Report
- Founding member of the Net Zero Asset Owner Alliance
- Member of Coalition for Climate Resilient Investment
- Member of Insurance Development Forum

¹ MSCI ESG Rating Report July 2020

² S&P Global ESG Score 2020 (previously RobecoSAM), 100% percentile

³ FTSE Industry Classification Benchmark (ICB), Dec 2019

⁴ CDP Climate Change 2020 score.

2020 pandemic and financial crisis reinforced the need to prepare society for systemic risks with sustainable prevention and mitigation



A CHANGING CLIMATE

- 2020 crisis reinforced society's risk awareness, underscoring the need to prepare for the complex risks we face e.g. pandemics, changing weather patterns, rising sea levels
- It also highlighted the need for insurance to create awareness with the public in order to ensure further insurability of climate risks and ensure an efficient transition to a low carbon world



CONFIDENCE IN A DIGITAL SOCIETY

- 2020 crisis accelerated digitization and technology adoption and need to foster confidence in digital society
- Multiplication of cyber attacks tested ability to ensure data security



WORK SUSTAINABILITY

- Remote work poses new operational and mental health challenges to be addressed by employers
- Acceleration of digitization and technology adoption increases the urgency for companies to build new organizational capabilities for the future

We have developed a group-wide climate approach in support of our 1.5°C pledge

SCIENCE-BASED CO2 REDUCTION TARGETS

- Set targets to reach Net Zero by 2050 based on fact-based methodologies
 - Investment Net-Zero methodology being developed with SBTi¹
 - Collaborate with industry to develop methodology in insurance
- Target of 100% renewable electricity in offices by 2022
- Expand scope of operations CO2 footprint (data center, commuting)
- Elimination of single-use plastic and 80% reduction in paper-use in 2020



Our 1.5°C Future Plan

INNOVATION FOR SUSTAINABLE SOLUTIONS

- Scale existing sustainable solution offerings
- Develop new customer propositions
- Incentivize sustainable behaviors and increased resilience in our customers

MITIGATE CLIMATE RISK

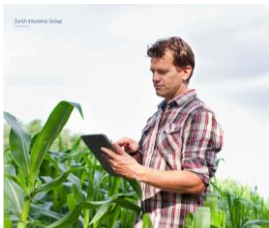
- Implement a global risk assessment framework to understand, quantify, and manage our climate risks
- Mitigate Zurich’s exposure to climate risk from NatCat exposure and customer’s transition risk
- Engage with carbon intense industries and investees
- Further increase impact investments
- Catalyze USD 1 billion investment through the Zurich Flood Resilience Alliance by 2023

¹ Science-based Targets Initiative is an NGO collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC). Aim is to define measurement methodology that enabling companies to claim that greenhouse gas (GHG) emission reductions goals are “science-based” and in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement.

We are reviewing, enhancing and adapting products and services to support transition and resilience across industries

PRODUCT PIPELINE TO SUPPORT TRANSITION

- We are adapting traditional insurance products, in addition to innovating solutions for transition



SUSTAINABLE AGRICULTURE

- New risk transfer solutions designed for farmers who are adopting sustainable practices that regenerate soil health and sequester carbon



CARBON CAPTURE AND SEQUESTRATION (CCS)

- Scaling our existing product offering to meet accelerating global build-out of CCS and emerging green hydrogen economy



RENEWABLE ENERGY

- Reviewing our customer solutions in order to address rapidly evolving marketplace and increasing investment by our customers

LAUNCHED – CLIMATE CHANGE RESILIENCE SERVICES

- We newly launched services that offer a holistic approach to natural hazards and physical climate change risks along the entire value chain.
- Our unique approach
 - Our experts help companies mitigate current risks and track future exposures.
 - Current Risk Assessment identifies, quantifies and assesses the risks associated with current exposure to natural hazards.
 - Climate Change risk assessment is developed using the Current Risk assessment as baseline.



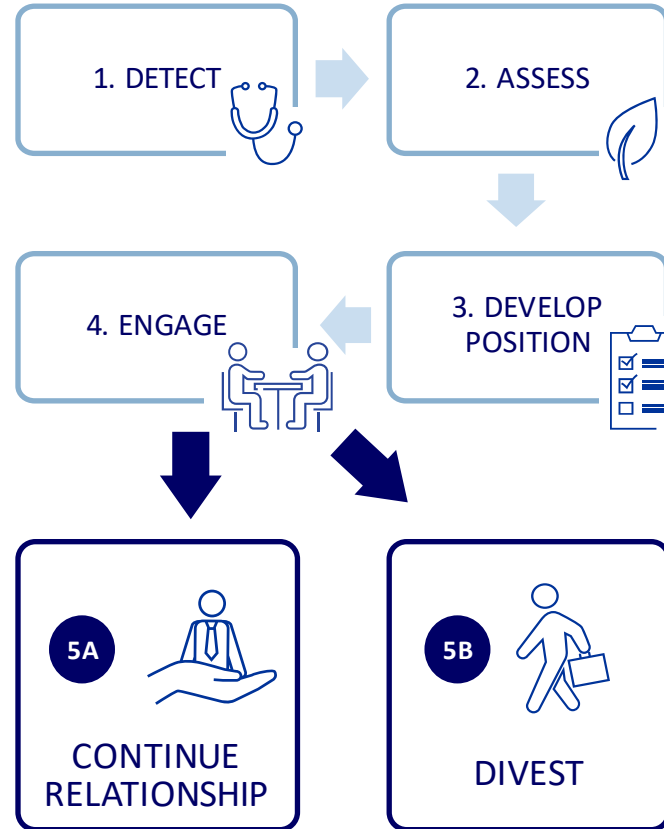
In underwriting we are applying a risk and engagement-based approach to address sustainability risks

WHAT WE DO – SCOPE

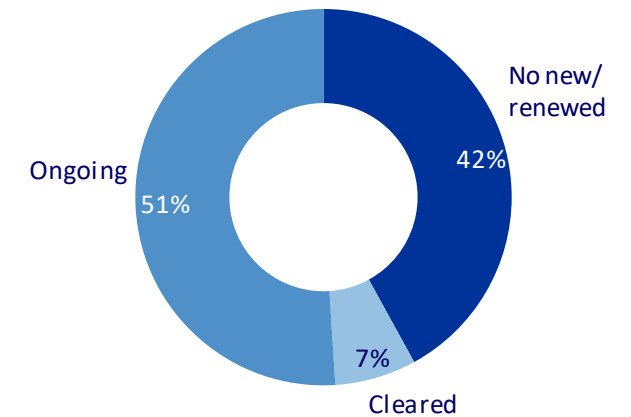


- In 2012, introduced our position on:
 - banned weapons,
 - dam construction,
 - oil / gas / mining in environmentally-sensitive areas, and
 - transactions with human-rights implications
- In 2017 and 2019, expanded the scope to:
 - further restrict thermal coal, and
 - include oil sands, oil shale, and purpose-built infrastructure for oil sands
 - two-year review period from 2019

PROCESS



COMPANIES FLAGGED UNDER UPDATED COAL/OIL SANDS POSITION¹



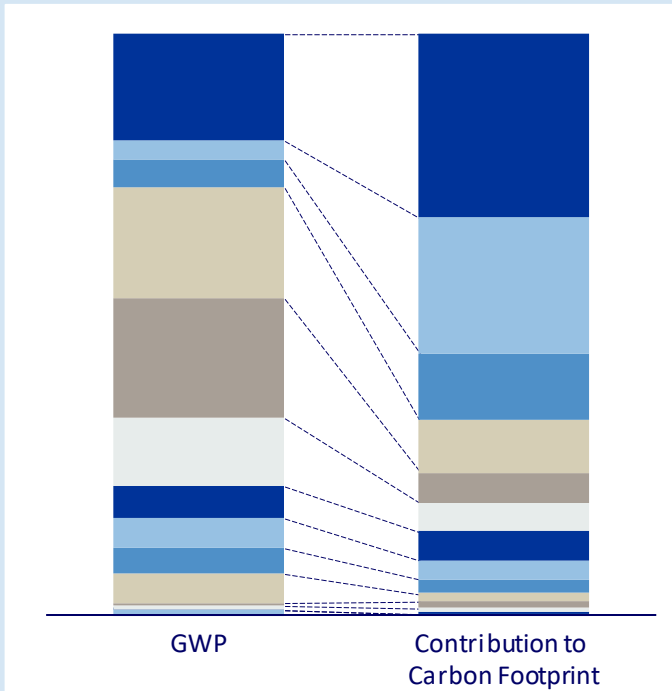
- 51% of flagged parent companies are under ongoing review with the expectation that the majority will be complete by 2021
- Of the 49% that have been reviewed, only 7% have been cleared for a continued relationship

¹ Progress on customers numbers within UW Portfolio per July 2020

We are developing insurance carbon intensity methodology to support portfolio transition

ZURICH'S CARBON INTENSITY MANAGEMENT APPROACH

UNDERSTAND PORTFOLIO FOOTPRINT – GWP vs Carbon Footprint



EDUCATE internally on multiple aspects of sustainability



ENGAGE in open dialogue with customers on operational impact of transition pathways



ENSURE fact-based measurement of carbon intensity in UW portfolio



ENABLE review, adapt and develop products and services that support transition

We are a global insurance leader in responsible investments¹...



INTEGRATION

- Training
- Information
- Process Integration
- Active Ownership



IMPACT INVESTING

- Intentionality
- Measurability
- Profitability



ADVANCING TOGETHER

- Innovation
- Collaboration
- Public advocacy

- ESG risks and opportunities integrated in all relevant asset classes, where we have choice of issuer²
- Close to 100% of assets managed by asset managers that are PRI signatories or meet Zurich's requirements for ESG integration (training, data, process, voting and engagement)
- Completed roll out of proxy voting to all in-house managed assets

- Exceeded our USD 5bn impact portfolio target
- Focusing future efforts on reaching our impact targets (2.9m tons of CO2 avoided and benefited 4m people per Q3 2020)
- Further improved proprietary framework to measure environmental and social impact
- Awards: 'Impact Asset Owner of the Year 2019 (GSG)' and 'Best Impact Report of the Year (for investors)' at Environmental Finance Bond Awards 2020

- Founding signatory to the UN-backed Net Zero Asset Owner Alliance, and strong collaboration with SBTi in our net-zero journey
- Signatories of UN-backed Principles for Responsible Investment (PRI)
- Co-Chair of Green and Social Bond Principles
- Collaborating with 16 industry initiatives and research bodies

- Target of net-zero CO2 portfolio in 2050
- Target to avoid 5m tons of CO2 and benefit 5m people by investing USD 5bn

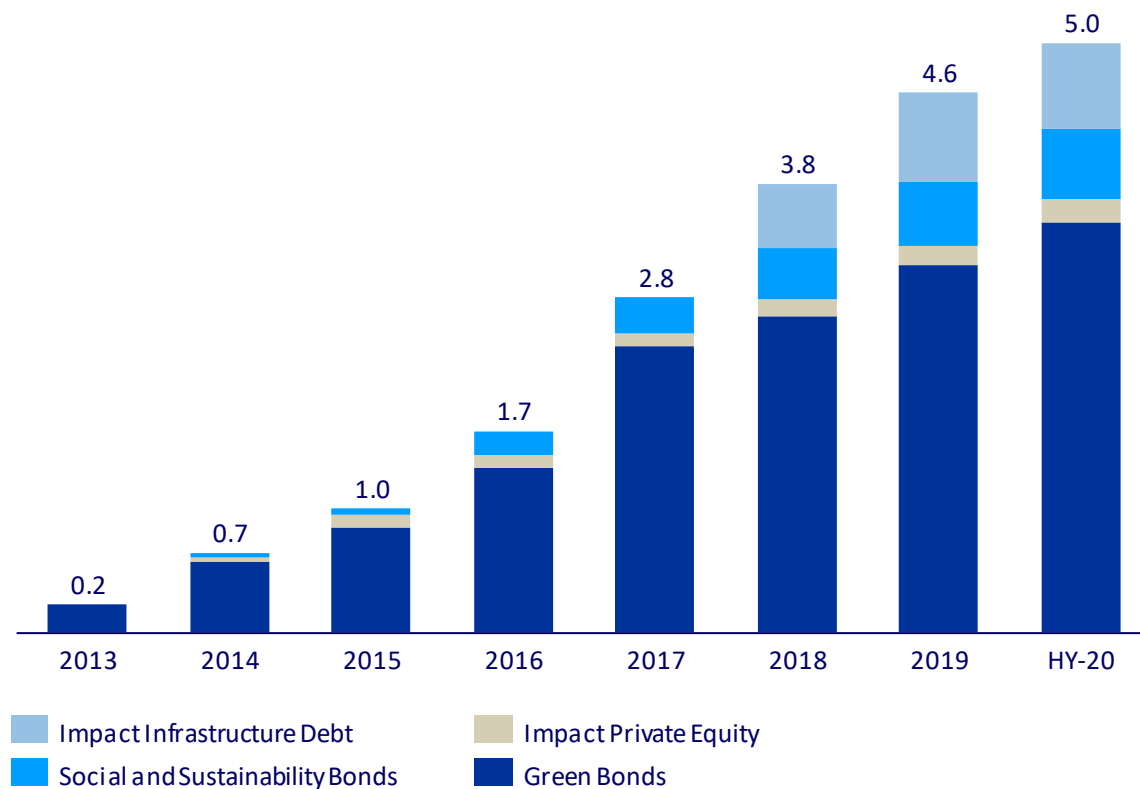
¹ Top percentile of sector for MSCI ESG RI rating; selected by PRI be part of "PRI Leaders' Group" due to performance in selecting, appointing and monitoring external managers

² Excluding cash, passive funds, Index tracking, sovereign bonds, hedge funds, asset-backed securities—49% of AuM as per 31.12.2019

... and a market leading impact investor



IMPACT INVESTING PORTFOLIO (USDbn)



ACHIEVEMENTS

- Invested over USD 5.4bn in multi-asset impact investments, which helped avoid 2.9m tons of CO2 and benefited 4m people per Q3 2020
- Managing one of the largest private sector impact portfolio under market's most disciplined impact investing framework¹
- Delivered/upheld/maintain stringent impact investing strategy focusing on
 - Intentionality
 - Measurability
 - Profitability
- Scaled approach in order to increase number of asset classes

INVESTMENT EXAMPLES

- Committed USD 25m to a private equity fund focusing on health care in emerging markets
- Invested USD 160m in the green bonds of a European utility, which helped avoid 46,000 t of CO2 through renewable energy production

¹ 4th largest private sector impact portfolio under Operating Principles for Impact Management

Results demonstrate that our holistic responsible investment climate strategy is working

OUTCOMES

Operationalizing our pledge to net-zero emission portfolios by 2050

- Next step: set science-based interim targets for 2025 by Q1 2021, based on following actions
- Published “Protocol for target setting” (now under public consultation), developed jointly with Net-Zero Asset Owner Alliance
- Developed “Financial Sector SBT Framework” jointly with Science-Based Target Initiative (published in October)
- Established baseline of financed emissions for public equity, credit and real estate

Engaging with companies flagged by our thermal coal and tar sand policy

- Encouraged and accelerated transition plans for companies that are both an underwriting client and an investee
- Divesting from companies in breach of our policy thresholds with no credible transition plans

Advocating policy focused on

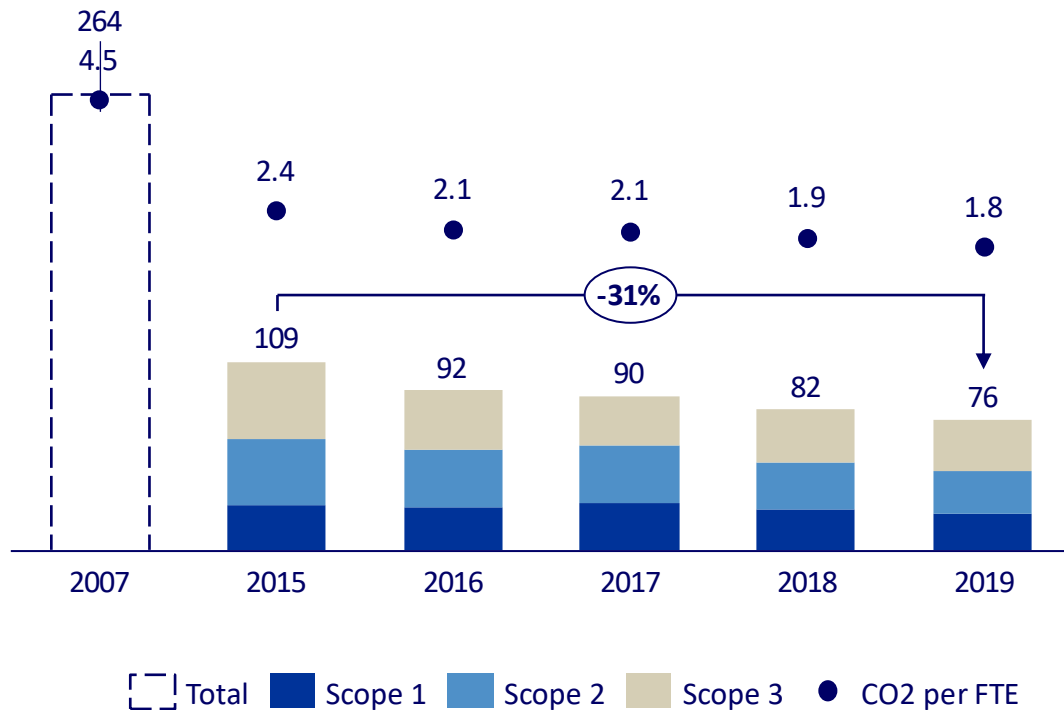
- Using COVID-19 stimulus packages to build back better by including climate considerations
- Promoting a global price on carbon, established at a level that drives real economy to a 1.5°C trajectory
- Encouraging governments to set ambitious NDCs under the Paris Agreement

Financing the transition

- Continued scaling green investments as part of ongoing commitment to impact investing and to help avoid the emission of 5m tons CO2 p.a.

We are consistently improving the sustainability of our operations through the reduction of our CO2 emissions

METRIC TONS CO2 EMITTED BY OWN OPERATIONS
(in '000 and per FTE)¹



EMISSION REDUCTION INITIATIVES

- Dynamic Working – space reductions with enhanced experience
- Purchasing renewable power – 100% renewable power target by end 2022 (RE100)
- Energy efficiency (e.g. LEED Platinum Headquarters in North America and Switzerland)
- Smart travel – stronger approval processes, leveraging technology

NEW SCIENCE-BASED TARGET FOR OPERATIONS

- Our scope 3 emissions currently account for air, rental and rail travel as well as other energy related emissions not included in scope 1 and 2
- In order to take greater accountability, we will expand our emissions reporting under scope 3 to include emissions sources from data centers, employee commuting, printed paper, and waste as part of defining our new science-based target for operations (planned 2019 base year, 2029 target year)

¹ Scope 1: Direct emissions from sources owned or controlled by the company; Scope 2: Indirect emissions from purchased electricity; Scope 3: Indirect, upstream and/or downstream emission sources not owned or controlled by the company; as defined by the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard reported on Zurich.com

Enabling and inspiring confidence in a digital society will help strengthen the resilience of our customers and our employees

ETHICAL USE OF DATA & AI



HONOR THE TRUST CUSTOMERS PLACE ON US

- Deliver on our Data Commitment and underpinning principles (Trust, Transparency, Fairness)
- Develop an Artificial Intelligence (AI) Assurance Framework to ensure ethical use of Data & AI

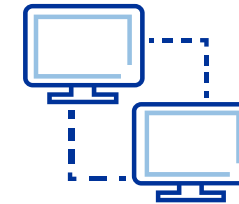
DATA PROTECTION & CYBER SECURITY



CONTINUALLY STRENGTHEN CYBER SECURITY CAPABILITIES

- Proactively embed 'Privacy by design' and robust cyber and information security
- Protect and enable customers through cyber risk coverage, service ecosystem and education

BUSINESS RESILIENCE & DIGITALIZATION



DELIVERING A RESILIENT DIGITAL EXPERIENCE

- Protect and recover critical services with our Business Resilience Framework
- Enable a data-driven, customer-focused, digital enterprise
- Deliver a dynamic customer experience with product simplification and intelligent automation

Executing against our ambition enables a higher confidence in a digital society

EXECUTION EXAMPLES



- Measure and drive execution against our Data Commitment globally as part of the Performance Measurement cycle



- Deliver a comprehensive range of cyber products to SMEs
- Provide educational guidance for customers and society to promote protection of privacy and state-of-the-art cyber risk management based on research in cooperation with the WEF¹



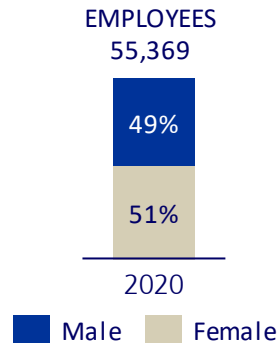
- Successfully demonstrated ability to maintain critical services to customers during COVID-19 crisis
- Enabling digitalization of the business through product simplification and acceleration of digital transformation
- Greater confidence in digitalization from consumers supports business resilience and lowers costs allowing us to improve value for money for the customer



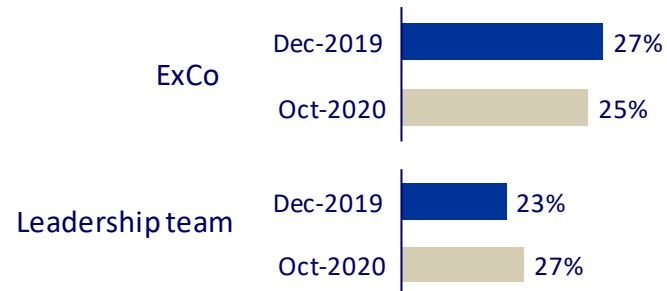
¹ Board for the Centre for Cybersecurity of the World Economic Forum

Zurich today is a capable and diverse organization

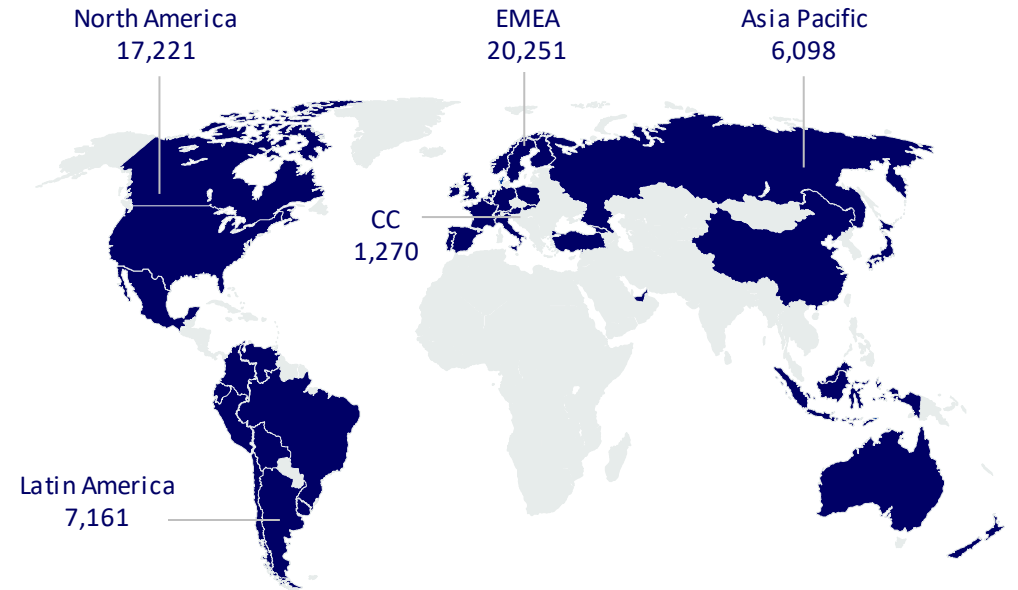
EMPLOYEES BY GENDER¹



FEMALE REPRESENTATION¹



OUR ORGANIZATIONAL FOOTPRINT²



Nationalities	Average Tenure (years) ³	Average Turnover ⁴	Boomer ⁵	Gen X ⁵	Gen Y ⁵
113	10	9%	16%	42%	43%

¹ Headcount and female representation data as per 01.10.2020

² Headcount as per 30.09.2020 (excl. CoverMore).

³ Average tenure as per 30.09.2020.

⁴ Annualized turnover (voluntary and involuntary) as per 30.09.2020

⁵ Boomer, <1964; Gen X, 1965-1979; Gen Y, 1980-1994.

We are equipping our employees for the future with stronger digital and customer skills

2018 – 2020 PROGRESS

- Shifted **Talent Management** discipline from ‘buy’ to ‘build’
- Built a compelling **Employee Value Proposition** for our people focussed on building skills for the future
- Enhanced Organizational Health, ENPS and feedback tools to promote an **Employee-Centric** culture of ‘listen and act’
- During the COVID Pandemic, **increased Employee Wellbeing support** to address the heightened risks to our people and organization

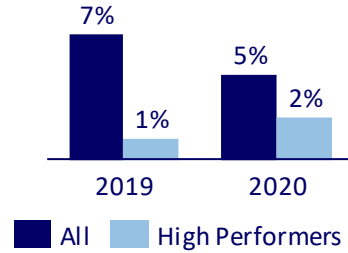
2021– 2023 PLANS

- Focus on delivering our **Work Sustainability commitments**¹
- Create an **integrated rewards and career framework** as the foundation for employees to be owners of their career
- **Drive internal talent mobility** as a core component of work-based learning to build skills for the future
- **Scale youth employment** by expanding the Zurich Apprenticeship program and other opportunities to bring more young people into work
- **Strengthen and continue to diversify the talent pipeline** to future proof the organization and drive business growth

¹ Prioritize development of current workforce over external hires; Support and develop the skills our people need for the future of work; Keep as many jobs as possible in-house as opposed to outsourcing; Offer career choices that match our peoples’ talents and ambitions

Our people strategy is working on multiple levels

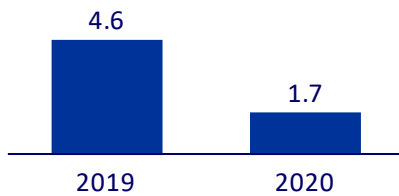
VOLUNTARY TURNOVER



LEADERSHIP TEAM % INTERNAL HIRES ¹



EXECUTIVE HIRING SPEND (USDm)²



INTERNAL RECOGNITION FOR SUPPORT PROVIDED DURING COVID-19 CRISIS:

'Supported by Zurich during Covid-19' NPS



'Supported by Manager during Covid-19' NPS



EXTERNAL RECOGNITION



¹ 2020 Leadership Team % internal hires as per 01.10.2020

² Amounts recorded in Finance systems for Executive Hiring Vendors. 2020 data as per Sep-2020

We have embedded priorities including Work Sustainability, Wellbeing, D&I and Employee Engagement

EMBEDDING OUR WORK SUSTAINABILITY COMMITMENT

- Shifted Talent Management from ‘buy’ to ‘build’, increasing % positions filled internally from 45% in 2019 to 54% in 2020¹
- Maximised talent mobilization in short-term and project-based roles to align resources to where they are needed most
- Launched a global learning platform of >16k world-class courses
- Expanded apprenticeships and opportunities for work-based learning, winning America’s Workforce Presidential Award

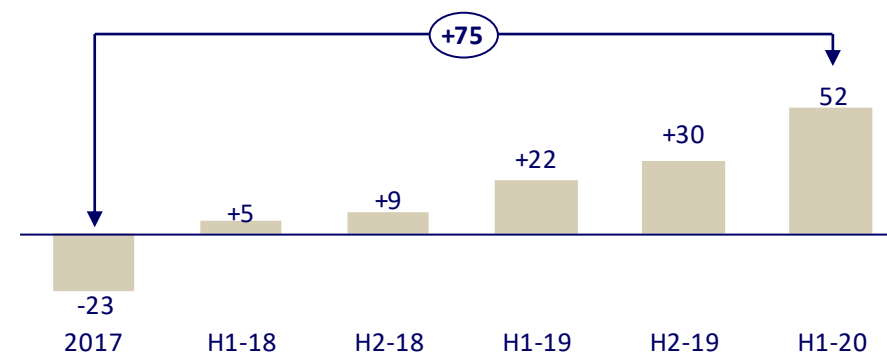
SUPPORTING EMPLOYEE WELLBEING THROUGH PANDEMIC

- High and tangible levels of employee care, support and engagement (people first approach)
- Large scale and rapid implementation of remote working
- Online wellbeing training sessions with separate learnings for both employees and managers
- People managers and employees equipped with expertise relating to new ways of working and employee care

ACCELERATING OUR EFFORTS ON D&I

- We are the only insurer to be recognized in Stonewall’s 2020 Top Global Employers list for LGBT+
- Further harmonized global Parental leave policies
- Zurich signed the UN Women’s Empowerment Principles
- Markets with >100 employees assessed for discriminatory pay practices using an externally audited tool and process

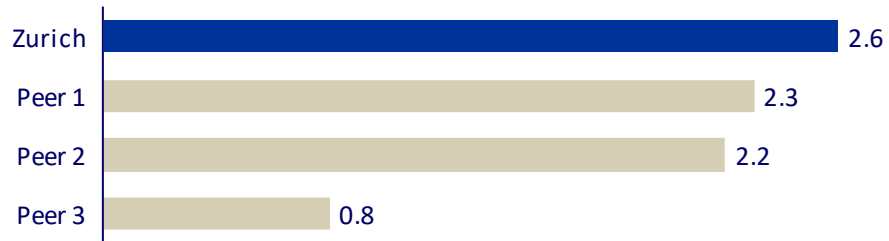
PROMOTING STRONGER EMPLOYEE ENGAGEMENT



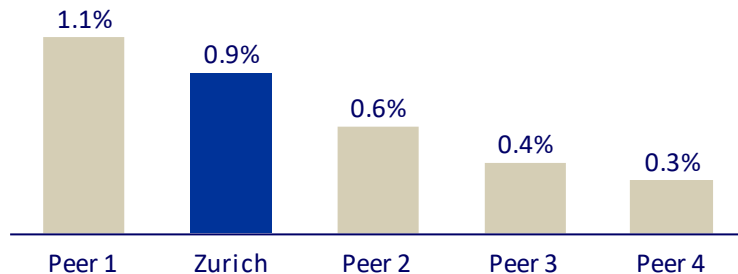
¹ 2020 % positions filled internally as per 30.09.2020.

Supporting communities through employee volunteering and the Z Zurich Foundation

NUMBER OF VOLUNTEERING HOURS PER EMPLOYEE (2019)



CHARITABLE CONTRIBUTIONS IN % OF NET INCOME (2019)



Z ZURICH FOUNDATION EXTRA SUPPORT DURING COVID-19 CRISIS

- 200 charities supported in 32 countries, of which 150 were existing partnerships
- USD 12m in grants given out per Jun-20 benefitting 1m people¹, of which:
 - 7.8 m food and medicine
 - 1.2 m other short-term assistance

Z Zurich Foundation has a three-pillar strategy to be relevant locally for positive impact

ADAPTING TO CLIMATE CHANGE



Focus on adaptation

Flood and other single-hazard resilience
Multiple-hazard resilience in urban settings

Partnering for success
Global and local relationships/grants
Scaling for impact
Engagement opportunities

IMPROVING MENTAL WELLBEING



Focus on prevention

Stress and anxiety, reducing stigma

Partnering for success
Local relationships/grants
Scaling for impact and franchising
Engagement opportunities

ENABLING SOCIAL EQUITY



Focus on empowerment

Equity of opportunity

Partnering for success
Local relationships/grants
Scaling for impact
Engagement opportunities

Engagement of Zurich employees, their families, Zurich's customers, distributors, suppliers, retired employees | Through incentivised giving of time, talent and money, and by helping stakeholders better understand vulnerability, we deliver greater impact and create a more empathetic ecosystem for Zurich and ZZF.

Zurich and Z Zurich Foundation are expanding the Flood Resilience program to an additional 200 communities covering ~4m people



PROGRAM'S PURPOSE

- 1\$ invested in prevention saves 5\$ in future losses¹
- Increase investments proportion from current 13% of aid that is only spent on pre-event resilience and risk reduction
- Focus on practical ways to strengthen community flood resilience
- Deploy Zurich's Post-Event Review Capability to review large flood events to identify improvements opportunities and best practices

MAIN ACHIEVEMENTS AND PROGRESS

- 25.2% of total financial advocacy target of USD 1bn achieved
- Global awards and recognitions for the program and its methodologies, incl. our Post-Event Review Capability (PERC)
- UK government recommends our resilience measurement framework as part of their flood and coastal resilience plan
- Key collaboration on pre-event resilience and scaling of our tools with e.g. IDF², LWR³, SDC⁴ and the UNDRR office



**Practical
ACTION**



© Zurich
¹ Zurich Flood Resilience Alliance analysis;
² Insurance Development Forum;

³ Lutheran World Relief;
⁴ Swiss Agency for Development and Cooperation

We delivered strong progress against our priorities, enhancing the resilience of our business, our employees and communities



Insurer

- Established [Group-wide Climate approach](#) to align our business with a 1.5°C future
- Contributed to the development of [carbon footprint methodologies](#) in cooperation with industry bodies
- [Expanded our 2019 thermal coal, oil sands and oil shale policy](#)
- Launched effort to [develop sustainable products and services](#); first results with Climate Change Resilience



Investor

- Exceeded [USD 5bn of impact investment](#) portfolio; now prioritizing on reaching our impact targets (5m tons of CO2 avoided and benefit to 5m people)
- Collaboration with the Science Based Target initiative and the UN-backed Net-Zero Asset Owner Initiative to [operationalize our net-zero investment journey](#) with aim of setting first 2025 target in Q1 2021



Employer

- [Prioritized the safety and wellbeing of employees during COVID-19 crisis](#); employees felt highly supported which is reflected in the record eNPS score and highest point increase ever
- [Increased internal talent mobility](#) as a means of filling vacant positions and addressing priority work, aligning internal talent to where it is most needed



Community

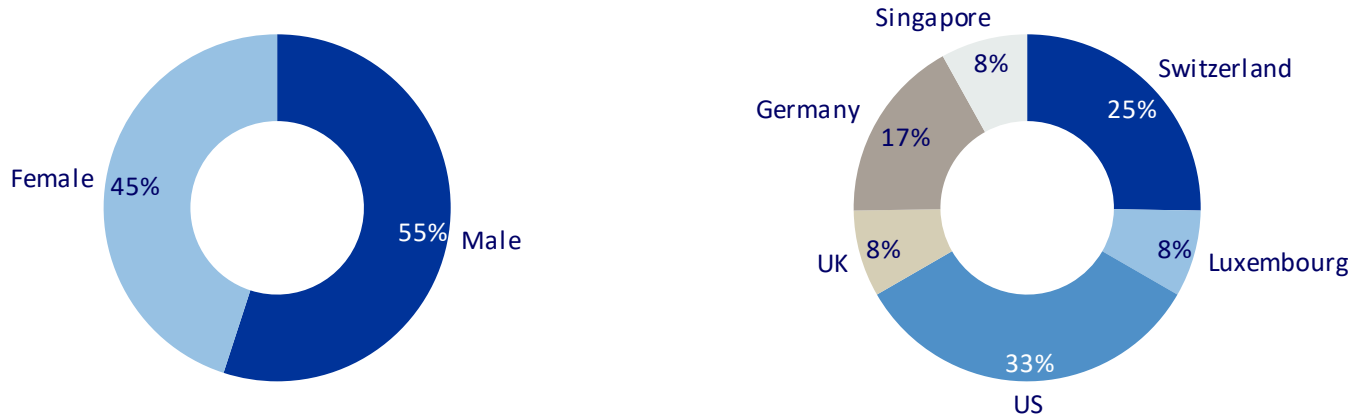
- Z Zurich Foundation [pledge CHF 20m to support vulnerable charities](#) during the COVID-19 crisis
- [Expanded Global Flood Resilience Program](#) to 200 additional communities in order to reach 4m people by 2024

Governance & Remuneration

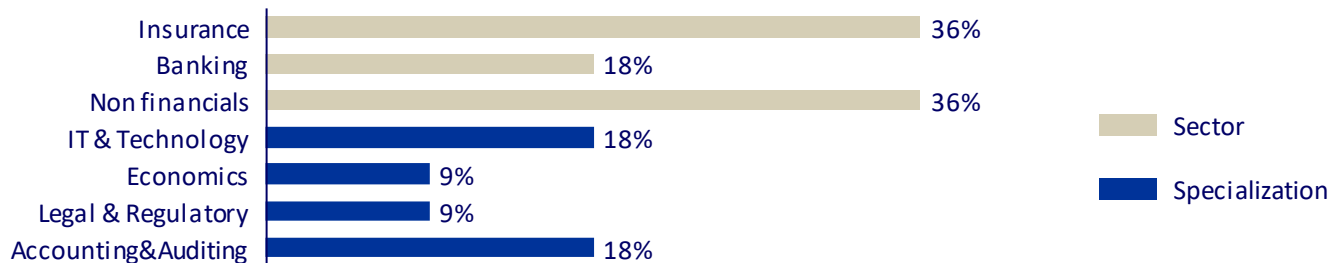


A diverse and independent Board, well positioned to support management deliver on strategic priorities

BOARD COMPOSITION¹



BOARD BY BACKGROUND, EXPERIENCE, SKILLS AND KNOWLEDGE¹

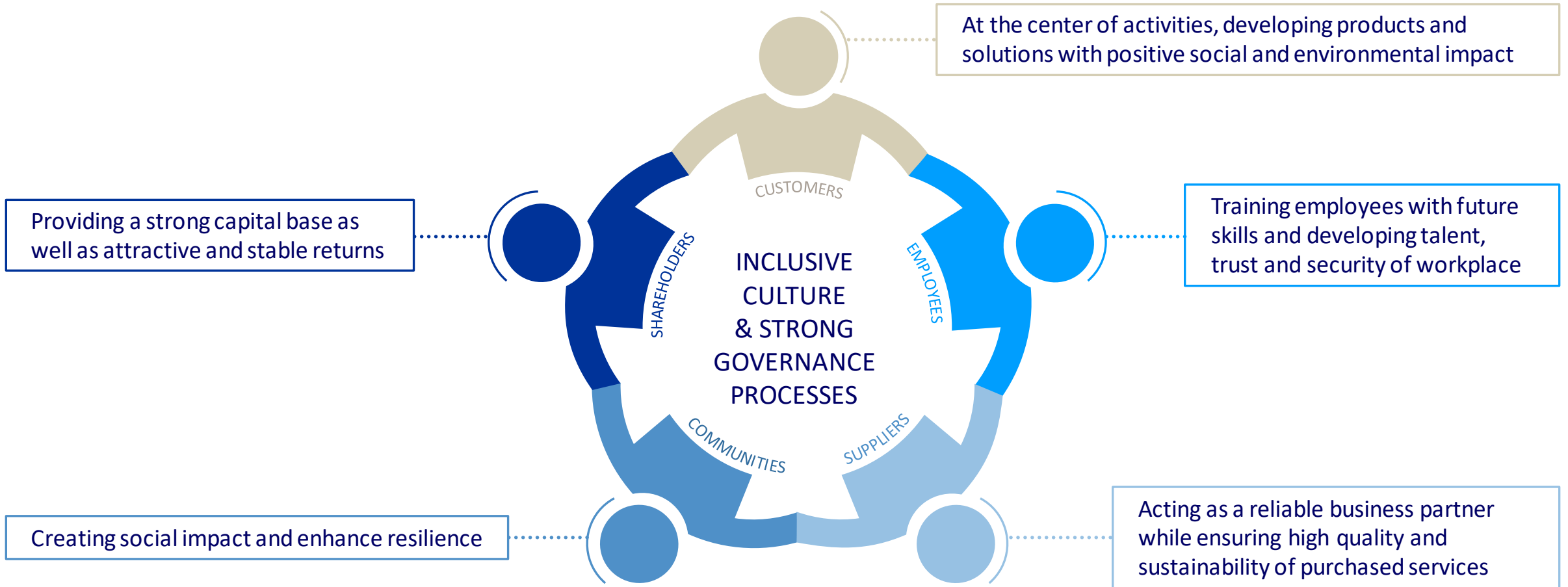


Up to addressing key challenges of the moment:

- Digitization
- Data protection
- ESG
- Business and employee resilience in times of COVID-19

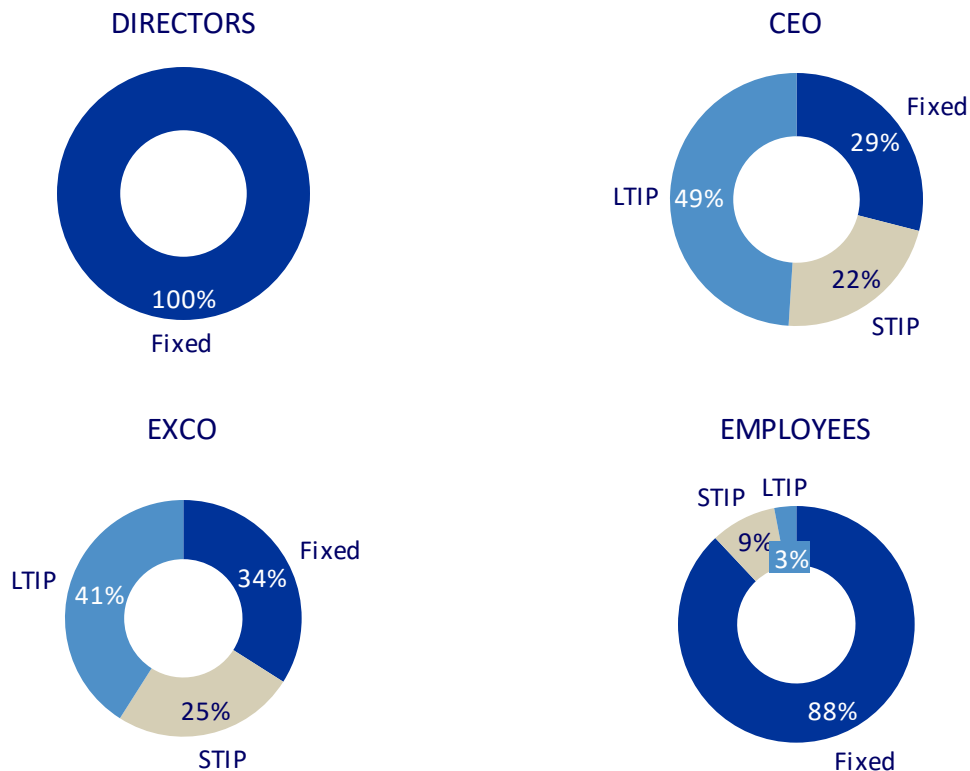
¹ Distribution of members per November 2020; Board members are allocated to one or more nationality, sectors and/or specialization areas based on their individual profile

The Board actively balances the needs of all stakeholders to ensure growth in enterprise value



Senior management compensation includes significant component of long-term deferred remuneration

2019 REMUNERATION STRUCTURE¹



FIXED REMUNERATION / FEES

- Base salary benchmarked towards local relevant market median
- Pensions in line with relevant market practice – shift away from defined benefit plans in recent years
- Benefits in line with local market – can include life insurance, medical cover, flexible benefits and expatriate/cross-border allowances
- For Directors includes fees paid in cash and shares (5 years sales restricted)

STIP

- 1-year performance period, paid in cash
- Award mainly driven by relevant BOP and TNPS (80/20), as well as individual performance assessment of pre-defined targets

LTIP

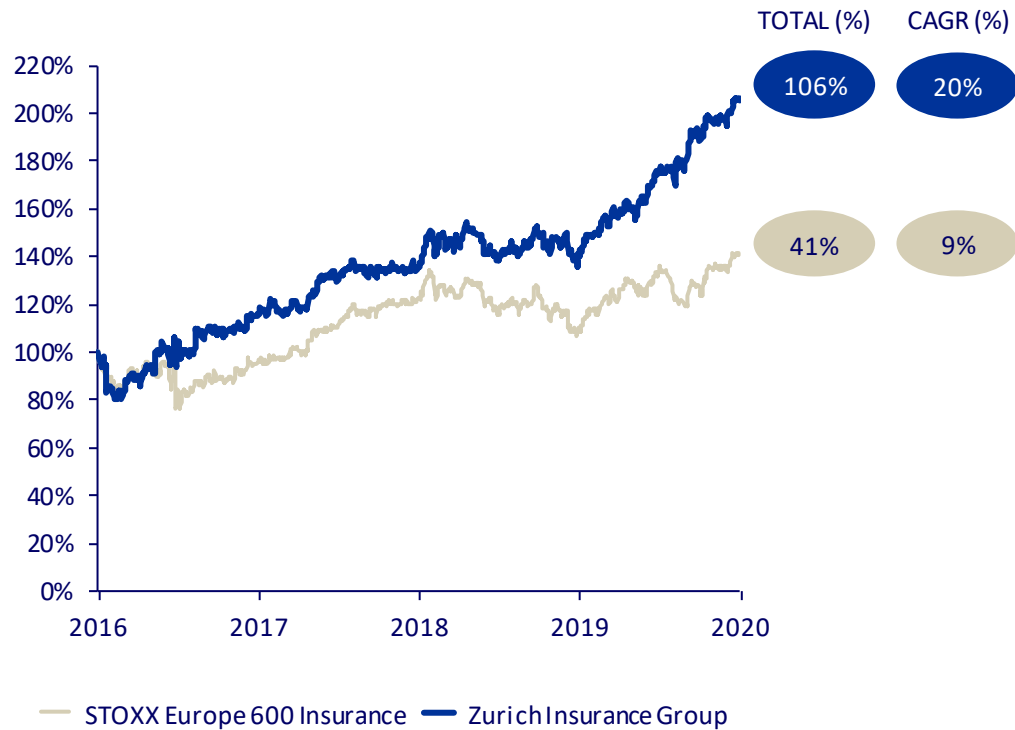
- Annual target allocation
- Pre-defined performance criteria – NIAS ROE, cash remittance and relative TSR with equal weight, assessed over 3 years
- Three-year cliff vesting; Half of vested shares sales-restricted for additional 3 years for ExCo

¹ At target, as a percentage of total remuneration considering ExCo members active for the full year, including the Group CEO.

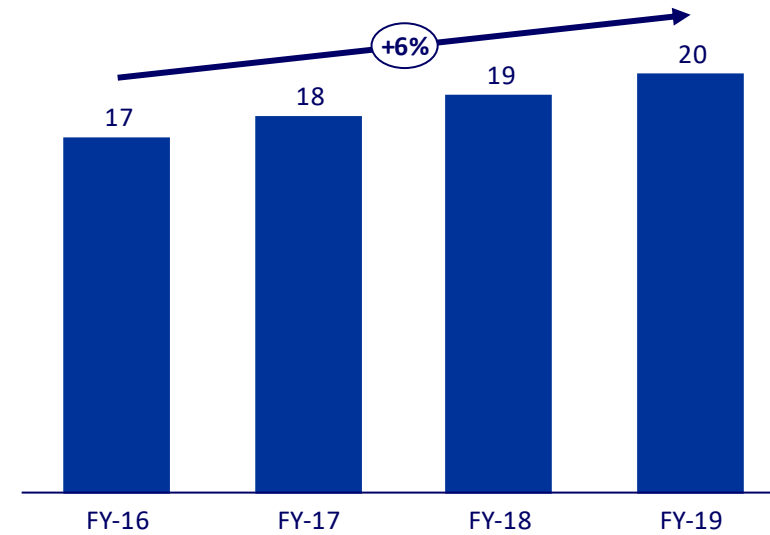
Zurich has created significant value to shareholders



TOTAL SHAREHOLDER RETURN (USD SINCE JAN 1, 2016)¹



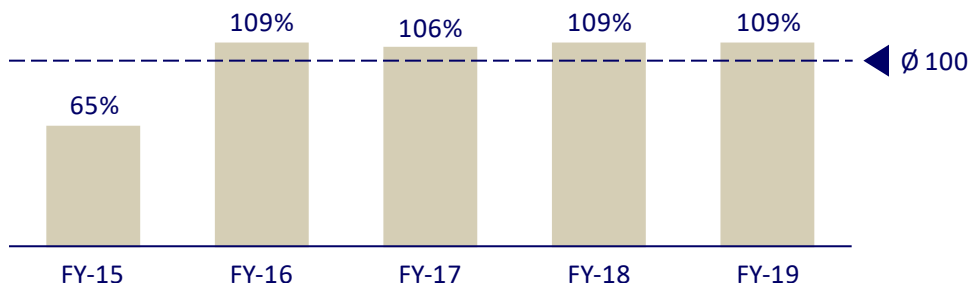
DIVIDEND PER SHARE (CHF)



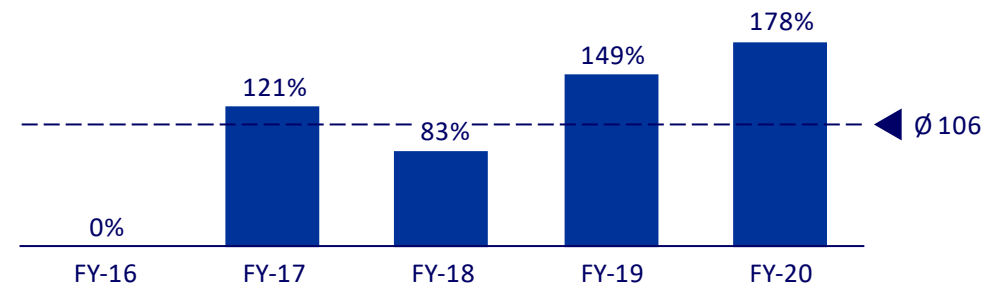
¹ Source: Datastream as of December 31, 2019.

Remuneration framework includes financial and non financial metrics

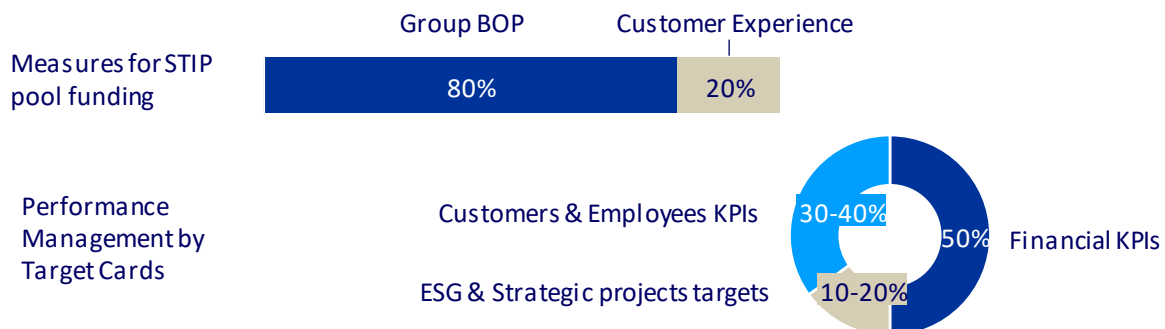
STIP AWARDED AS % OF TARGET



LTIP VESTING LEVEL AS % OF TARGET



STIP DRIVERS FOR EXECUTIVE COMMITTEE MEMBERS



LTIP PREDEFINED PERFORMANCE METRICS



Customer experience is an important driver for the majority of STIP participant variable pay

ROLL OUT OF TNPS IN STIP POOL FUNDING¹



Global TNPS used for Group functions² – STIP pool funding weighting of 20%



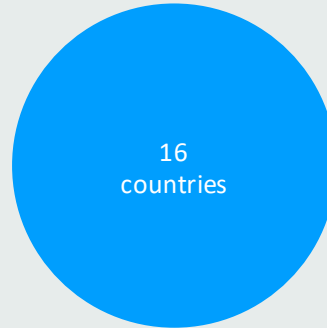
Country TNPS used for country employees – STIP pool funding weighting of 20%

67% of GWP and policy fees



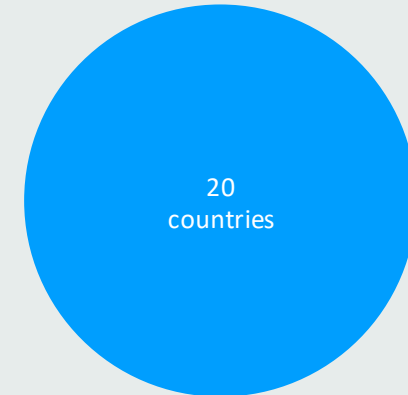
2018

83% of GWP and policy fees



2019

88% of GWP and policy fees covering 81% of STIP participants



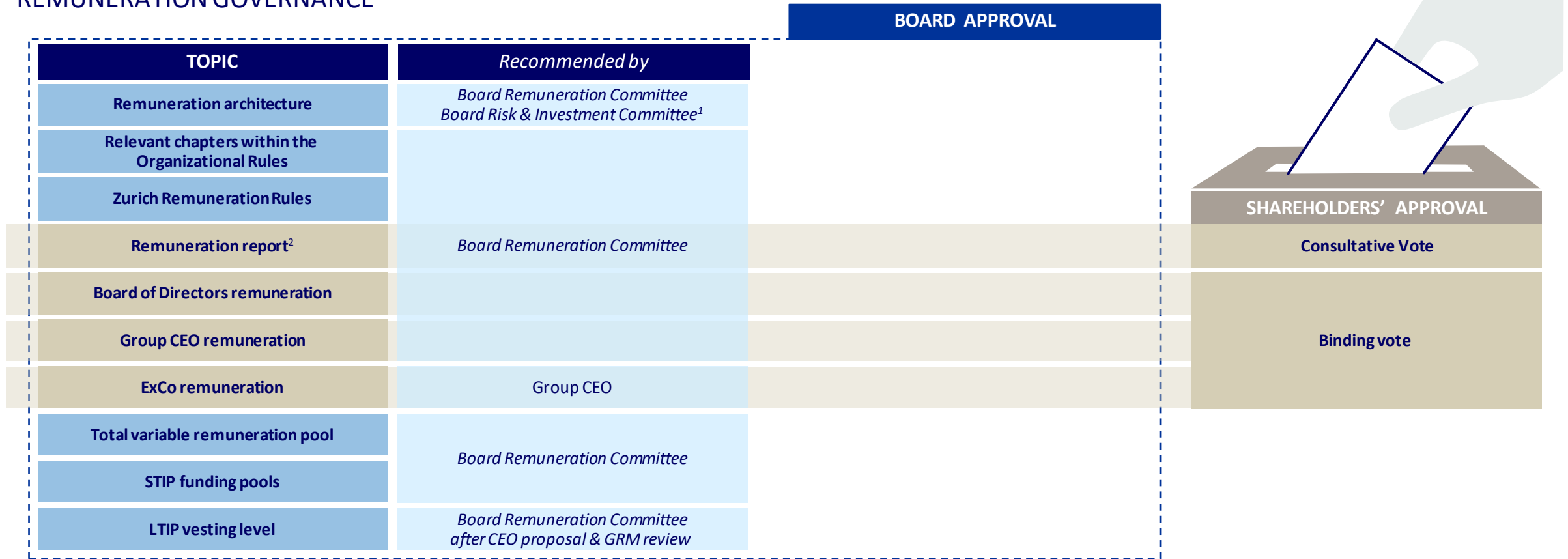
2020

¹ TNPS stands for Transactional Net Promoter System – with NPS being the global best practice standard for customer experience measurement.

² Includes Group, Region, Control Function, Leadership Team, Commercial Insurance above business units; Farmers is also measured against customer metrics on a separate basis.

Governance approach aligns interest with shareholders

REMUNERATION GOVERNANCE



¹ On recommendation of Group CEO.

² Remuneration report addresses remuneration architecture, rules and disclosures.

For further information

(use the links to navigate through the Zurich website)

[Annual Report 2019](#)

[Corporate Governance report 2019 \(incl. Remuneration report\)](#)

[Sustainability highlights 2019](#)

[Zurich's HR factbook 2019](#)

[Being a responsible tax payer](#)

[Our Group's Code of Conduct](#)

[Information security at Zurich](#)

[Data commitment and privacy protection](#)

[Sustainability at Zurich - overview](#)

[Corporate Governance Structure at Zurich](#)

[Zurich's role as an insurer](#)

[Zurich's role as an investor](#)

[Zurich's role as an employer](#)

[Zurich's role in society](#)

[Climate Change](#)

[Zurich Climate Change Whitepaper](#)

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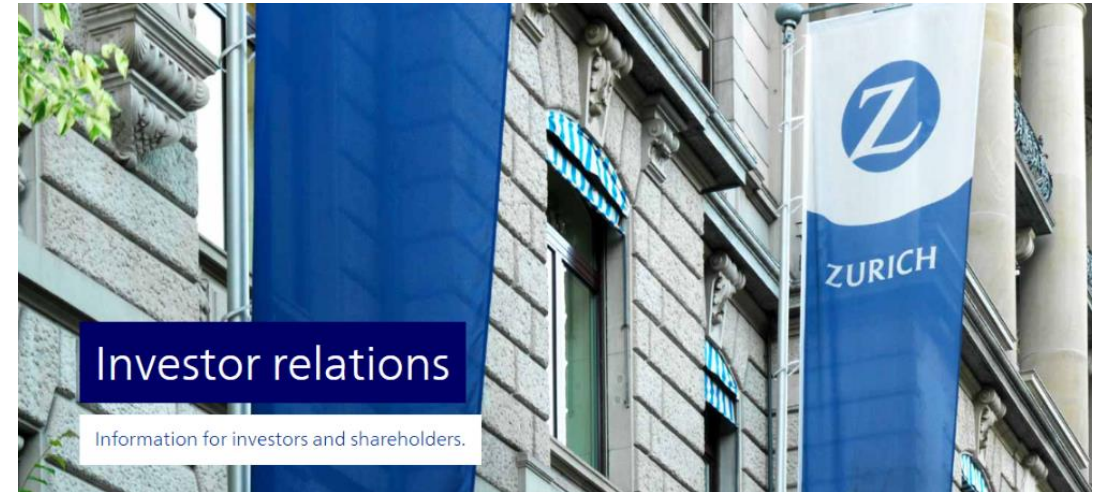
Investor Relations and Rating Agency Management

Richard Burden	+41 44 628 96 40
Francesco Bonsante	+41 44 628 00 68
Samuel Han	+41 44 625 32 57
Michèle Matlock	+41 44 625 28 50
Gianni Vitale	+41 44 625 48 26

Events

Patricia Heina	+41 44 625 38 44
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