

# Sustainable Sourcing

Supplier Code of Conduct

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Group Procurement & Vendor Management



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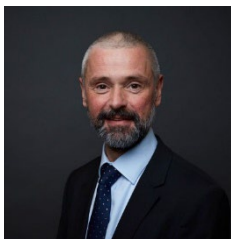
## Dear supplier

As an insurer, Zurich has a crucial responsibility to its customers and society. By seeking to minimize our environmental impact, generate positive impact for society and behaving ethically, we demonstrate to our customers, and all stakeholders that we care about them and that we are worthy of their trust, something that is recognized as being vital for our long-term success.

Our Purpose, Values, Code of Conduct and sustainability strategy provide the necessary foundations to guide our employees to support our ambition to be one of the most responsible and impactful businesses in the world. It is with this ambition in mind that Zurich has developed Sustainable Sourcing Guidelines for our employees to embed the consideration of environmental, social and ethical factors throughout the sourcing lifecycle.

An integral aspect of our Sustainable Sourcing Guidelines is this Supplier Code of Conduct, in which we provide clear guidance to ensure that our suppliers act in a manner that is compatible with our own ambition.

Suppliers are invited to complete a self-assessment as part of the sourcing lifecycle to rate their performance against the Supplier Code of Conduct, work with us and leverage our supplier resources to address any identified areas where they do not meet our expectations, agree to contractual clauses to embed the Supplier Code of Conduct within the provision of goods/services to Zurich and collaborate on environmental, social and ethical topics throughout our relationship lifecycle.



Thank you for your commitment to Sustainable Sourcing, standing up for what is right and embracing the Supplier Code of Conduct.



Phil Soderberg  
Global Head of Procurement and Vendor Management

# Sustainable Sourcing

## An overview of our approach to Sustainable Sourcing



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### Definition

Sustainable Sourcing is the consideration of environmental, social and ethical factors throughout the sourcing lifecycle. At Zurich, we embrace sustainable sourcing practices and have developed this Supplier Code of Conduct as a core foundational element of our approach.

### Purpose

The purpose of embedding Sustainable Sourcing at Zurich is to influence our supply chain to generate tangible positive impact in alignment with our ambition to be one of the most responsible and impactful businesses in the world. This Supplier Code of Conduct sets out the environmental, social and ethical standards expected of our suppliers.

### Approach

This Supplier Code of Conduct provides guidance for those suppliers that do business with us so they understand our expectation that they will act in a manner that is compatible with our own ambition to be one of the most responsible and impactful businesses in the world. Throughout the sourcing lifecycle, we embed the consideration of environmental, social and ethical factors into our sourcing decisions and supplier selection processes. For example, we consider the specific environmental, social and ethical impact of the services/goods being procured as well as a supplier's adherence to the expectations within our Supplier Code of Conduct. We aim to prioritize engagements with suppliers who themselves seek to minimise their environmental impact, maximize positive social impact and conduct their business in an ethical manner. Within the Supplier Code of Conduct, we have set out minimum standards that we **expect** suppliers to comply with and have also identified a higher standard which we **encourage** our suppliers to strive towards.

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### Self Assessment

Suppliers are invited to complete a self-assessment to rate their performance against the Supplier Code of Conduct standards as part of the sourcing lifecycle, work with Zurich to address any areas for improvement where the minimum standards are not achieved and agree to contractual clauses to ensure ongoing compliance with those standards. Suppliers are invited to complete an online questionnaire and upload information/evidence to support their responses.

### Contractual Obligations

We seek to embed the minimum standards set out in our Supplier Code of Conduct into the relevant contracts that govern the supplier's provision of goods/services to Zurich.

### Ongoing Collaboration

It is our expectation that environmental, social and ethical factors are considered throughout the supplier relationship lifecycle and that there is ongoing dialogue and collaboration on such topics during relationship management meetings and forums. We aim to share knowledge with suppliers and learn from their successes, we have published [training](#) and other materials to help suppliers accelerate or start their journey to sustainable operations. We may invite suppliers to repeat the self-assessment process on an annual or other recurring basis so that we can validate their performance and monitor progress. In other cases, we may carry out an audit in accordance with our contract.

# Code of Conduct Environmental

At Zurich, we are actively tackling climate change as a risk and opportunity

## Environmental Objective

Understanding and reducing the negative environmental impact arising from our supply chain

## Background

At Zurich, we are prioritizing emissions reductions across our own operations in line with science-based targets while also engaging and supporting other stakeholders across our value chain, such as our suppliers, with their own transitions. Based on these principles, we firmly believe that our suppliers should take steps to reduce the environmental impact arising from their operations.

## UN Sustainable Development Goals

Environmental pillar aligns to Goals 12-15



## UN Global Compact

Environmental pillar aligns to Principles 7, 8 & 9



## Environmental Standards

We **expect** our suppliers to:

- comply with all applicable environmental laws and regulations
- take measures to reduce the negative environmental impact arising from their operations (for example with respect to any or all of the following: greenhouse gas (GHG) emissions, energy consumption, travel, water consumption, single use plastics, paper usage and operational waste)
- have a person or governance body accountable for the reduction of negative environmental impact arising from their operations

We **expect** those suppliers with annual revenues of more than \$50mn and/or with >250 employees to in addition:

- measure their environmental impact and set targets for impact reduction
- report transparently on their environmental impact and impact reduction efforts
- collaborate with us to reduce the environmental impact of services provided to Zurich
- collaborate with their own suppliers and other parts of their value chain to reduce the environmental impact of their operations

# Code of Conduct Environmental (cont.)

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We **encourage** our suppliers to:

- mitigate their GHG emissions through certified carbon crediting schemes
- set science based targets for GHG emission reduction and seek approval from [Science Based Targets Initiative](#)
- commit and progress towards achieving net-zero emissions in their operations by no later than 2050
- submit to the [CDP](#) global disclosure system and make their submission public to share their progress transparently
- have plans to transition to the usage of 100% renewable electricity by a fixed date
- have plans to transition to electric and/or hybrid vehicles where they operate and own company vehicles and vehicles of suitable utility are available
- become a member of [Climate Group RE100](#) and [Climate Group EV100](#) where eligible
- participate in external benchmarking and obtain certification for your environmental impact reduction programmes

# Code of Conduct Social

At Zurich, we are committed to supporting a fairer, more open and sustainable society

## Social Objective

Understanding the impact of our supply chain on society and identifying opportunities to generate and maximize social benefits

## Background

At Zurich, we are committed to supporting a fairer, more open and sustainable society and aim to generate positive social impact within the communities that we operate. We expect our suppliers to contribute to society in a positive way by respecting human rights and embracing diversity and inclusion. We encourage our suppliers to go further and generate positive social impact by providing fair access to supply opportunities for diverse suppliers and social enterprises whilst implementing broader social impact programmes.

## UN Sustainable Development Goals

Social pillar aligns to Goals 1, 3, 4, 6, 8 & 10



## UN Global Compact

Social pillar aligns to Goals 1, 2, 3, 4, 5 & 6



## Human rights

We **expect** our suppliers to respect human rights and operate labor standards that meet the relevant [Principles of the UN Global Compact](#) and the [International Labor Organization \(ILO\) conventions](#) considered fundamental to the rights of human beings at work covering: freedom of association, collective bargaining, forced, compulsory and child labour, discrimination and safe and healthy workplaces.

## Health and safety

We **expect** our suppliers to keep their working areas clean, healthy and free from hazards that can lead to accidents, emergencies, health issues or security risks thereby avoiding any behavior or actions that could put its employees, Zurich colleagues or other parties at risk. Suppliers must promptly address and report any safety or health concerns, risks or hazards to Zurich where relevant.

## Fair treatment

We **expect** our suppliers to foster a work environment where its employees treat each other with fairness and understanding and that they do not tolerate harassment, discrimination or bullying in the workplace. Employees must be provided with means to raise any such concerns and suppliers shall not tolerate retaliation against any employee who reports a concern in good faith.

# Code of Conduct Social (cont.)

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## Diversity & inclusion

We **expect** our suppliers to treat all employees, and all people who seek employment at their companies, fairly and equally, including equal pay for equal work and equal opportunities for development and advancement.

We **encourage** our suppliers to take positive action to ensure its employees reflect the breadth and diversity of its customers including Zurich and the communities within which we both operate. This may include allocating responsibility for diversity and inclusion to a senior employee, enabling employee networks for diverse groups, measuring employee diversity, setting targets and providing transparent reporting on progress and seeking external accreditation for diversity and inclusivity efforts via organizations such as [Stonewall](#) or [Edge](#) for example.

We **encourage** our suppliers to establish a diverse supplier program with the objective of providing fair access to supply opportunities for companies that are owned and operated by at least 51% by one or more minority, woman, LGBTQ+, veteran, service-disabled veteran, person with a disability, aboriginal-indigenous person, or a historically underutilized business defined under applicable country specific rules.

## Buy social

We **encourage** our suppliers to establish a social procurement program which the objective of proving fair access to supply opportunities for social enterprises. Social enterprises are businesses with a social or environmental mission. Like traditional businesses they aim to make a profit, but they reinvest them so that society benefits.

## Investing in communities

Community investment is at the heart of Zurich's sustainability strategy. Through investment from the Z Zurich Foundation<sup>1</sup> and from our local offices around the world, we share our resources and expertise to help build more resilient communities, adding value beyond our core business activity. We **encourage** our suppliers to adopt similar practices to generate positive social impact in a manner appropriate to the size of their business. This may include volunteering programs, provision of pro-bono services for social causes and/or corporate philanthropy.

<sup>1</sup> The Z Zurich Foundation is a Swiss-based charitable foundation established by members of the Zurich Insurance Group. It is the main vehicle by which Zurich Insurance Group delivers on community investment

# Code of Conduct Ethical

At Zurich, we care about doing the right thing

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## Ethical Objective

Understanding how those in our supply chain align to our values and promoting the highest ethical and professional standards

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## Background

At Zurich, we care about doing the right thing and are committed to high standards of business conduct. We aim to work with suppliers who share our values and embrace ethical business practices. We have therefore set out minimum ethical standards that suppliers will be expected to comply with and other standards that we encourage our suppliers to strive towards.

## UN Sustainable Development Goals

Ethical pillar aligns to goals 16 and 17



## UN Global Compact

Ethical pillar aligns to principle 10



## Acting with integrity

We **expect** suppliers to adhere to all applicable laws, regulations (whether expressly covered in this document or not), rules and contracts when providing goods/services to Zurich. We **encourage** suppliers to become [signatories to the UN Global Compact](#).

## Data protection and privacy

We **expect** suppliers to comply with applicable data protection and privacy laws and regulations of the jurisdictions in which they operate, including those that govern cross-border data transfers and cybersecurity, to keep Zurich information confidential and personal data secure, to use information obtained through their relationship or contract with Zurich only for the purposes agreed with Zurich and to notify Zurich promptly of any suspected or actual data breach.

## Anti-bribery and anti-corruption

We **expect** suppliers to engage in fair and responsible business and ensure that their employees and/or representatives do not engage in any forms of bribery and corruption or in any business conduct that could create the appearance of improper influence.

## Anti-money laundering, counter-terrorist financing and tax compliance

We **expect** suppliers to fully comply with all applicable laws and regulations on anti-money laundering, counter-terrorist financing and tax.

## Trade & economic sanctions

We **expect** suppliers to adhere to all applicable trade and economic sanctions in all their business activities.



# Code of Conduct Ethical (cont.)

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## Retaining and managing records

We **expect** our suppliers to accurately and completely record all relevant business transactions and deal with financial data accurately, promptly and with due care.

## Antitrust and fair competition

We **expect** our suppliers not to enter into agreements, understandings or coordinated activities with their actual or potential competitors, and also with other players at different levels of the distribution chain, that may eliminate or lessen free and fair competition or otherwise damage customers. We also **expect** suppliers not to abuse a dominant position in any market, nor use their competitors' confidential information without proper authorization or misuse intellectual property of any party.

## Dealing in securities

We **expect** our suppliers to never trade in Zurich securities or securities of other companies (either directly or through other persons) based on insider information and to apply measures to protect the confidentiality of inside information, and not share it with those not entitled to have access to it.

## Conflicts of interest

We **expect** our suppliers to avoid situations and refrain from any activity where there is a conflict of interest between the supplier and Zurich, including interactions with Zurich employees that could create a conflict of interest with the employee's duty to act in the best interest of Zurich. Where a conflict of interest cannot be avoided, it should be effectively managed to reduce the conflict of interest risk. The supplier shall disclose to Zurich all conflicts of interest where identified, or situations giving the appearance of a conflict of interest, in its relationship with Zurich.

## Supply chain

We **expect** our suppliers to appropriately mitigate risks in their supply chain, pay their suppliers on time and take steps to select suppliers that act in a manner that is compatible with the expectations set out within this document. We **encourage** our suppliers to embed the consideration of environmental, social and ethical factors when engaging with their own suppliers in a similar manner to Zurich and develop their own relevant policies (i.e. a supplier code of conduct).

## Reporting of breaches and whistleblowing

We **expect** our suppliers to report to us where they breach the minimum standards of this Supplier Code of Conduct. We **expect** our suppliers to put in place a mechanism for their employees to anonymously report alleged wrongdoing or suspected or actual illegal, fraudulent, improper or unethical conduct ("Integrity Concerns"). We also **expect** our suppliers to report Integrity Concerns regarding Zurich employees where applicable. Integrity Concerns can be reported to the supplier's regular Zurich contact or anonymously via [the Zurich Ethics Line \(ZEL\)](#).