



ZURICH®

ClimateWise Report 2014

Addressing the risks we and our customers face from climate change



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Foreword

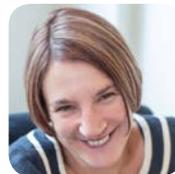
At Zurich, we believe in being an active member of both global and local communities. In particular, we have set out on a journey to become the best global insurer as measured by our customers, employees, and shareholders, and by our contribution to the communities in which we live and work. In order to do this, we need to set and maintain high standards of responsibility and integrity. Zurich's corporate values are contained within a framework called Zurich Basics. This code of conduct applies across the Group and is available in the public domain on the Zurich.com website.

Zurich takes a market-based approach to meeting the challenges associated with climate change. We constantly strive to translate our understanding and insight in this important area into opportunities for us, our customers and our shareholders through the development of products and services and as a driver of investment risk and reward. Finally, as a responsible employer, we are committed to managing our own environmental impact, including reducing our carbon footprint and finding other ways to run our business in an environmentally-sustainable way.

As an active member of ClimateWise, we also continue to look across the industry to share information through the various collaborative workstreams agreed annually by the ClimateWise Managing Committee. By working collectively on a number of topics, the industry is developing positive critical mass in terms of addressing the future climate challenges.

The Zurich Commitment was introduced in early 2013 and is intended as a guide for all Zurich employees on how we win and keep the trust of our stakeholders. We are working hard to make it part of the way we do business and our climate change activity is consistent with this.

We want to work hand-in-hand with our customers and other stakeholders to respond to changing needs and demands as climate risks increase. This report attempts to bring to life the ways in which we are doing this, particularly over the last 12 months.



Kay Martin

Chief Marketing Officer,
UK General Insurance,
Chair of the Zurich Corporate
Responsibility Council

ClimateWise: 2013-2014 highlights

This is our seventh year of ClimateWise reporting; just one of the ways we demonstrate our commitment to meeting the six ClimateWise Principles that aim to tackle the challenges associated with climate change. We support ClimateWise because the insurance industry plays a significant role in the area of risk pricing and risk management. It is also a natural fit with the work Zurich is taking forward to embed its market-based approach to addressing the risks that we and our customers face from climate change. We have also continued to reduce the environmental impact of our business. Our top achievements from the past year include:

Green Bonds

In November of 2013, the Zurich Group committed to invest up to USD 1 billion in Green Bonds. As of December 31, 2013, USD 236 million has already been invested. In line with its approach, Zurich will continue to evaluate opportunities and grow a portfolio of investments that deliver both measurable impact and return.

Low Carbon Investment Framework

Zurich has been a leading member of the ClimateWise low carbon investment collaboration group. This group developed a best practice framework for integrating climate change into investment strategies.

Global Flood Resilience Programme

The Zurich Group has committed to a major flood resilience programme due to the huge impact of flooding around the Globe. This programme will look for innovative ways to increase the impact of disaster risk reduction efforts at the community, national and global levels. As a foundation to this, Zurich has announced a 5-year alliance with the International Federation of the Red Cross and Red Crescent Societies (IFRC).

Community flood awareness

Our severe weather site (www.zurich.co.uk/severeweather) continues to develop and receive visitors keen to understand our 'before', 'during' and 'after' guidance which helps to people cope with floods and other severe weather events. The site has received some 33,879 visitors to date (June 2014). We also provide a free guide to preparing for and dealing with floods on our website.

Use of renewable energy

In the UK, our use of green electricity (generated by wind, water, waves and biomass) has dramatically increased since 2005, with 100% of owned buildings now totally powered by green electricity. We encourage the landlords of our leased accommodation to also use sustainable power.

Telematics for personal lines customers

We have launched a telematics offering to our personal lines customers which enables the driver to review their journeys and driving habits so they can learn from how they have driven. They can then adapt their driving to be safer, which in turn allows for better fuel efficiency and reduces vehicle wear and tear.

Increased use of electronic customer communication

In response to customer preferences, Zurich is moving increasingly towards electronic policy documentation and customer communications to help drive greater efficiency and sustainability. For example, this year we launched our all-digital communications platform for brokers – 'The Insider'.

Sustainability Risk in the Real Estate Sector

As a leading insurer in the Real Estate sector, in 2013 we developed a White Paper: 'Energy and Sustainability', which looks at the impact of new Energy legislation on commercial landlords.

Flood discussions

Along with our peers and the ABI, we are working with the UK Government to establish a flood insurance fund ('Flood Re'). Flood Re is scheduled to be available to accept risks in July 2015 and has been developed to ensure affordable cover for flooding is available to households at greatest risk.

Principle 1: Becoming a leader in risk analysis

Risk is the cornerstone of the insurance industry and to fully understand risk, research and analysis are critical. Below are some examples of how Zurich has used its research and analytical skills to understand changing climate patterns and their implications.

Flood Resilience Program

The Zurich Group has committed to a major flood resilience program across the Globe because floods affect more people than any other type of natural disaster and are responsible for some of the largest economic, social, humanitarian and insured losses. The program is being embedded within Zurich's General Insurance business, including the UK, and is based on the following three pillars:

1. Share our knowledge and expertise.

- Work with leading academic institutions.
- Enhance flood resilience knowledge.
- Demonstrate why risk mitigation is preferable to post-event disaster relief.

2. Create a positive, practical impact on communities.

- Develop collaborative alliances with humanitarian and development organisations.
- Apply our risk engineering expertise to offer innovative solutions to improve flood resilience.
- Learn from past flood events using our risk engineering tools and global experience.

3. Focus on the role of insurance.

- Provide a different perspective on appropriate risk transfer solutions in flood-affected areas.
- Engage with local and national government organisations to develop insurance solutions.
- Given that traditional insurance solutions are often not appropriate to manage flood risk, there is also a greater need for building resilience and pre-event mitigation measures.

Zurich has made a five-year commitment to this program, including an initial investment of USD 35.6 million by the Z Zurich Foundation. Our flood resilience program represents a new approach to cross-sector collaboration, based on an innovative alliance linking flood research, community-based programs and risk expertise. The collaboration

includes the International Federation of Red Cross and Red Crescent Societies (IFRC), with its 187 national societies; Practical Action, a UK-based international non-governmental organisation; and two research institutes – the International Institute for Applied Systems Analysis (IIASA) and the Wharton Risk Management and Decision Processes Center. The research carried out with these institutions will generate new ideas to enable more effective decision-making, while examining the role of government and insurance related to floods. All members of the alliance share a common vision of enhancing communities' well-being by making them more resilient to floods. We seek to demonstrate the benefits of pre-event risk reduction over post-event disaster relief, and to improve public dialogue around flood resilience.

Through the IFRC and the national societies, we are putting in place community programs in both urban and rural settings in the region of Tabasco in Mexico and in West Java in Indonesia. The community programs in both Mexico and Indonesia are intended as a demonstration of an effective and integrated approach to make communities more prepared and resilient to flooding by increasing the skills, knowledge and resources to produce mitigation, prevention and preparedness activities. By combining the knowledge and expertise of our alliance partners and Zurich's risk expertise we are developing and testing enhanced tools and solutions which are not currently available. Together, we have identified potential areas for enhancing tools and solutions:

- context assessment to include a more rigorous hazard and risk analysis. This could potentially serve to both enhance the community selection process as well as the Vulnerability and Capacity Assessment (VCA)
- enhanced community selection process to enable interventions in individual communities to have a bigger positive impact beyond the individual community
- enhanced processes to enable impact and resilience measurement
- enhanced identification and prioritization of interventions.

As a further part of the flood resilience program, Zurich also collaborates with the international non-governmental organisation Practical Action, which focuses on providing innovative and sustainable solutions to poverty. In September 2013, as a further strategic commitment to build flood resilience, we enhanced our cooperation with Practical Action by agreeing to invest up to USD 9.7 million over five years.

The collaboration will include projects in Nepal, where we will be working on early-warning systems that can make communities better prepared for flash floods. It also includes seeking ways to build flood resilience in an urban environment in Peru, and looking at how the El Niño phenomenon affects flood risks. In Bangladesh, the alliance is helping communities and individuals to better cope with recurring floods.

In May 2014 we launched our Risk Nexus issue brief on flood resilience at the East Asian WEF, following our academic collaboration with IIASA and Wharton. The report emphasizes the importance of focusing more on mitigating risks and preparing for floods rather than dealing with the consequences after a flood event and how we will approach this through our program. Our key messages are:

- community flood resilience needs a holistic approach by paying more attention to communities' specific development needs
- communities need better information and data to improve decision-making around flood resilience measures
- communities must overcome behavioral, economic and institutional barriers which can hinder action.

For more information about our flood resilience program go to: <http://www.zurich.com/aboutus/corporateresponsibility/flood-resilience/flood-resilience.htm>

Post Event Review Capability (PERC)

Part of our commitment to Community Flood Resilience is the development of a Post Event Review Capability (PERC). This is aimed at understanding flood events and causes of related catastrophes or losses. PERC will develop a good understanding of best practices in flood mitigation and flood resilience and provide a platform for knowledge exchange and recommendations.

In order to facilitate a final PERC concept, a number of pilots have been identified where studies will be done on major flooding events. As part of this a report is currently being drafted on the December 2013 storm surge flood in the UK (aka 'Xaver').

The UK report looks at:

- how and why the storm surge occurred
- what forecasts and warnings there had been
- what preparations were made in terms of contingency planning
- the impact and successes including case studies on how Zurich handled the losses
- the effectiveness of flood defences (Thames Barrier, etc)
- recommendations for future flood management.

This will feed into our own underwriting and claims practices, as well as informing best practice externally.

Carbon Capture and Storage

Zurich has continued to work with Climatewise to understand the insurable risk implications of CCS, in particular with respect to the on-going UK CCS competition. This follows on from the collaboration between ClimateWise members and the Carbon Capture and Storage Association to develop a report on Managing Carbon Capture and Storage Risks and Liabilities. The report, partly sponsored by Zurich, found that CCS is one of the most important solutions for decarbonising the energy and industrial sectors. This has been supported by the most recent publications from the IPCC.

The report identified a total of 24 risk categories and, of these, four key categories were investigated in detail:

- The long-term CO₂ storage risk.
- Decommissioning cost risk.
- CCS Chain (business interruption) risk.
- Risk of Premature Handover to Government (Competent Authority).

A key finding of the work is that a large number of risk exposures in the CCS process could potentially be covered by traditional insurance policies, and/or alternative risk transfer mechanisms. Both the insurance and CCS industries are actively taking steps to address the understanding and allocation of risk in the CCS process.

Weather Risks Group and Weather Network

Zurich's General Insurance business has a Property Exposure Management Group which provides strategic oversight in the area of property risks exposure.

A Weather Risks Group identifies and reports on information about weather-related risks and climate change research, and makes strategic decisions regarding how we underwrite and risk manage weather risks and climate change. The group is also responsible for our flooding assessment tools.

A bi-annual weather underwriting bulletin (email newsletter) is distributed within the UK General Insurance business. This raises the profile of weather-related risks and includes articles on underwriting and risk management solutions.

Natural Catastrophe

Zurich has a globally-managed Catastrophe function. The global team includes specialized teams dedicated to Catastrophe Modeling, Underwriting, Pricing, Reporting and also Research and Development with expertise to PhD level. This takes in geophysical, seismological and meteorological research (including climate science) and enables us to quantify (re) insurance risk against catastrophes (both man-made and natural). Zurich uses and seeks to understand existing models, taking on board information and providing feedback. Catastrophe model output is a key factor when deciding our strategies and plans; playing a key part in risk-based capital assessment, reinsurance and risk tolerance assessment and primary pricing calculations.

Zurich has a 'Natural Catastrophe Advisory Council', which brings together world class scientists annually to discuss and obtain the latest insight on natural catastrophe related issues (including climate change).

We present at external conferences (such as the Infoline 2013 Forum on Managing Catastrophe Risk in London). We are also a member of the Willis Research Network, which brings together members of academia around the world and the (re)insurance industry.

We have a flood hazard assessment tool, Neptune, which is used by our underwriters and risk analysts to judge the relative likelihood of a flood loss at any location in the UK.

We are also working to develop a global underwriting tool which will enhance our ability to analyze risks

globally and at a more granular level. The tool will include flood and other catastrophe related data.

The comprehensive guide on Modern Methods of Construction (MMC), which we developed and introduced previously, is regularly reviewed and continues to be used to embed knowledge of MMC materials, components and processes into our risk engineering practices and rating structures.

Health Impact of Climate Change

Research in the last 12 months from various bodies including the London School of Hygiene & Tropical Medicine, Public Health England, UCL and the University of Exeter all suggest that the impact of climate change related deaths will mainly effect the elderly population who have not traditionally been a high proportion of insured lives. The various studies also suggest that whilst we may see more risk emerging as a result of a substantial increase in heat-related deaths due to warmer summers, these may be partially offset by a reduction in cold-related deaths.

We will continue to monitor available research on this area to support our future protection pricing and underwriting.

Global Risks Report

Zurich is a key contributor to WEF's Global Risk Report. The Global Risks 2014 report highlights how global risks are not only interconnected but also have systemic impacts. The risks identified as high impact and high likelihood are mostly environmental and economic in nature including greater incidence of extreme weather events, failure of climate change mitigation and adaptation and water crises. The report can be reviewed at: <http://reports.weforum.org/global-risks-2014/>

Principle 2: Informing public policy-making

The insurance industry can play an important role in shaping public policy by sharing our risk insights. Through our engagement with government, industry organisations and with other stakeholder groups, we have demonstrated our ability to work with policymakers and make constructive contributions to the public policy debate.

Zurich values its membership of key organisations committed to effecting change in terms of climate risks. We remain an active member of ClimateWise and were represented on the Managing Committee until the end of the membership rotation in April 2013.

Zurich is also playing its part in building the presence of ClimateWise in North America due to our large operation there through Zurich North America and Farmers Group, Inc (a wholly-owned subsidiary of Zurich Group). In particular, the Zurich Group has been supporting the work ClimateWise has undertaken on the topic of 'Building Climate-Resilient Cities', including our attendance at a workshop in San Diego in March 2013 and at an Urban Resilience meeting in London in February 2014.

Industry discussions on Carbon Capture and Storage

Zurich has continued to work with the relevant government bodies such as the Department of Energy and Climate Change (DECC), The Office of Carbon Capture and Sequestration (OCCS), The Crown Estate and other stakeholders to support the development of the Carbon Capture and Storage in the UK and Europe.

Zurich continues to influence this debate through other forums on this topic, particularly through our membership of the Carbon Capture and Storage Association (CCSA). The CCSA is the main trade association in the UK and Europe linking industry with policymakers to ensure commercial-scale CCS projects can play a part in moving towards a low-carbon global economy. Zurich sits on the CCSA Risk and Regulatory Group.

Zurich also sits on the stakeholder dialogue board of the ECO2 – a multi-agency European Commission funded project to investigate the impact on marine ecosystems of sub-seabed CO₂ storage. Zurich has also worked with various European Governments and intergovernmental agencies such as the European Commission DG Energy and the IEA (International Energy Agency), to better understand the risks associated with CCS.

Industry discussions on Low Carbon Investment Framework

As a member of ClimateWise's low carbon investment collaboration group, Zurich is seeking to actively promote different best-practice approaches to integrate Climate Change into investment strategies. Zurich also is a founding member of the Green Growth Action Alliance. In addition, Zurich is a member of the Investment Leaders Group (ILG).

Flood Discussions

Zurich supports a number of initiatives through its Association of British Insurers (ABI) membership, including discussions on the future of flood insurance in the UK. The ABI Statement of Principles expired in June 2013 but members agreed to continue to meet their obligations under the Statement in relation to domestic properties while an alternative solution is developed and implemented. The ABI has continued to work with the UK Government to establish a flood insurance fund ('Flood Re'). Flood Re is scheduled to be available to accept risks in July 2015 and has been developed to ensure affordable cover for flooding is available to households at greatest risk. The industry remains committed to provide cover for flooding as standard, even taking account the type of severe floods experienced during the winter months of 2013/2014.

Through its membership of the Chartered Insurance Institute (CII) and developing relationship with DeFra and the Environment Agency, Zurich has contributed to strategic thinking of these government departments around resilience to climate change. Through our Weather Risks Group we are also developing a relationship with the regional network of Climate UK to encourage improvement in climate change resilience within the UK business and local authority communities.

Zurich also works closely with other industry players and the ABI to develop a collective response to major events and surge claims that impact the community during catastrophic flood events. Under this initiative, the industry seeks the most effective methods of disaster restoration and to establish a common methodology of repair. The aim is to provide consistency, manage costs

down, speed up repairs and minimizing waste; whilst also enhancing the customer experience. This will, ultimately enable the affected communities to resume normal life far more rapidly with a much more efficient use of resources and materials whilst reducing the amount of waste building materials.

Zurich Strategic Risk provided resource to Climate UK in the design and build of a SFEDI Award entitled Business Resilience Health Check Tool.

Local Authorities

As a leading public sector insurer and an organisation that specialises in managing risk and uncertainty, we dedicate a significant amount of time and resource to understanding how risk, in all its guises, is changing for our customers, as well as identifying the critical issues and exposures looming on the horizon.

Most local authorities will be impacted by weather patterns driven by climate change within the immediate time horizon, particularly fluvial and pluvial flooding, extended heat waves and drought, severe snow falls and coastal erosion. The local authority has a critical part to play to ensure community resilience in its role as statutory Category 1 Responders. As local authorities increasingly outsource more functions, it is questionable whether they will have the resource capacity to fulfill their duties, for instance to deal with scenarios similar to Hull or Cumbria floods. Our role in terms of risk management is to continue to alert public sector customers to this issue and to work with them to manage their climate risks.

During the recent major flooding incidents Zurich UK Incident Management and Major Loss Team provided local expertise and a point of contact to impacted customers. We worked with Zurich's Global Flood Resilience team as part of our Post Event Review Capability mentioned under Principle 1, which works to identify best practice. Local understanding was provided to the issues that were presenting, in particular advising with regards to any UK legislative and regulatory considerations. The Major Loss Team work closely with their Risk Engineering colleagues to ensure that post loss surveys are undertaken, and appropriate advice provided to our customers. Where possible, and assuming that the solutions are cost neutral, the Major Loss Team will always factor in replacement with flood resilient options when adjusting a loss.

Earth Security Initiative

On 11 March, 2014, Zurich took part in a meeting organized by the Earth Security Initiative, which brought together UK diplomats and insurance companies at the Foreign Office. The purpose was to open a discussion of their common interest, and the areas of potential collaboration, to increase the resilience of emerging economies to climate change. The meeting included the UK Minister for Energy and Climate Change, Greg Barker MP, and UK diplomats from London, China, Brazil, Turkey and India.

Participants discussed a process that helps mediate the input of the insurance industry experts on the different ways in which they can offer their knowledge, skills and capital to support policy decisions and help scale low-carbon investments. Despite the range of mainstream insurance products that are already available for low-carbon investments, a more imaginative approach was also favored, which would help identify other ways in which insurance companies can deploy their risk management skills to help scale private sector capital.

Liaison with Emergency Services

Over the last few years, the UK has experienced a number of flood events. These type of events require us to work closely with the emergency services and other local planning and response bodies and this is coordinated between our claims experts and through our public sector insurance arm, Zurich Municipal.

We liaise very closely with the Insurance Manager, Emergency Planning Officer and other relevant officers as required. This is all very much part of our standard approach to managing disasters. The UK Major Loss Team, in conjunction with the Claims Service Managers and UK Major Incident Manager, would all work with the affected authorities.

Where there is a danger to local residents from damaged infrastructure, such as bridges or highways, we will work in partnership with the local authorities' Highways agencies, Police and Fire departments. Our Major Loss Team assist in finding temporary transport solutions and our appointed engineers work with the emergency services to assess the safety of the structures in the short term and also with a longer-term view to determine repair/reconstruction solutions to provide the most suitable and safe outcome for the community.

One important learning from previous events, such as the Wansbeck River disaster in 2009, was the need to take the initiative, be proactive and engage with the emergency services directly and at the earliest opportunity. This involved liaising with the blue light services so that they understand that we are there to positively mitigate community impact, rather than just write a cheque when everything is back to normal.

Zurich has used its experience dealing with natural catastrophes in recent years to develop a new approach to managing flooded properties. This approach was used to avoid the use of demolition crews that tend to rip out the building to break the skin before rebuilding. Instead, rapid drying systems were employed, which avoided the need to replace plaster and left the electrics and plumbing systems in place. Our new approach also enables customers to consider newer, more resilient building materials and techniques.

Principle 3: Supporting climate awareness among customers

A growing number of Zurich customers are interested in climate-friendly products and a number of initiatives are underway to develop innovative products and insurance solutions to help our customers deal with the climate change challenge.

Public Sector Products and services

We continue to focus on areas that can benefit our customers in times of severe weather. In the last 12 months we refreshed our flood guide, designed for use by local authorities and their residents, which can be accessed at http://www.zurich.co.uk/nr/rdonlyres/046a7e44-8dad-49ce-a4b3-1414075b76d3/0/floodguide_pdf_oct2013.pdf. This guide aims to provide useful, straightforward advice for residents to prepare for a flood, act in the event, and begin recovery. It builds on lessons learned from significant flooding in recent years, such as Gloucestershire in 2007 and the UK-wide floods of 2012. There is also support in helping to make an insurance claim by providing recommended actions to make from the outset. The guide has been developed in various versions, which includes a downloadable version allowing access from smartphones in an emergency.

In a continued effort to extend this advice to as many of our customers as possible, we also maintain a severe weather microsite (www.zurich.co.uk/severeweather). This provides 'before', 'during' and 'after' guidance to people coping with severe weather. It is intended to offer practical support to help homeowners assess their risk exposure to severe weather, prepare for incidents and what do to when they need to claim.

This microsite continues to provide insight and is updated on a continuous basis throughout the year. After heavy snowfalls, Zurich issues a warning regarding the threat of potential flooding due to rapid thaws. The microsite continues to be a central information resource for those seeking advice and guidance on the range of issues associated with flooding and other severe weather events in the UK. The site has been visited by more than 33,879 visitors.

Our Risk Engineering unit works with customers through site assessment and new build design meetings to ensure existing and proposed buildings are protected to the highest possible standard, from things like storm and flood damage. To support this, we have developed award-winning design guidance documents for the education and housing sectors which outline Zurich's views on new and refurbished building projects. The colder winters are also creating issues in relation to burst water pipes and we have worked with our claims and

underwriting colleagues to provide customers with guidance on prevention and management of escape of water issues. In addition, we have worked closely with the construction industry to understand modern methods of construction and provide training and guidance to our customers and underwriters on the risks presented by sustainable materials. In conjunction with our underwriters, we have developed flood risk assessment tools which are supported by on-site assessments by our trained Risk

Engineers who can also provide recommendations to customers with the aim of improving both flood resilience and resistance.

As part of our work to understand how risk, is changing for our customers, Zurich Municipal brought the risks associated with climate change to the attention of social housing providers in its 'Managing Risk and Uncertainty in Social Housing Guide'. This Guide includes two chapters that very much support organisations looking to improve climate change risk management: Climate Change and the Environment and Business Continuity Management.

The Climate Change and the Environment section offered further advice on the emerging risk questions and issues surrounding, for instance: sustainable building; Energy Performance Certificates (EPCs); future building design in relation to the increasing frequency of weather related events; and the impact of snow and ice. To provide further assistance with weather-related events, Zurich Municipal publishes the Winter Resilience Guide. The Guide reports on risks and responsibilities of managing public services during winter months. With information and guidance from our partner, DAC Beachcroft LLP solicitors, the Guide also reports on aspects such as preventing accidents and driving in severe conditions, against the backdrop of public services budgetary cuts, with the aim of reflecting changes in winter weather patterns.

Zurich Municipal publishes a risk ranking report for our public sector customers across a range of segments, which identifies how the shifting dynamics of public service delivery can expose the sector to new risks and examines its capacity to successfully manage them. The report identifies five key areas of emerging vulnerability for public service providers. One of these areas focuses on severe weather incidents as climate change continues.

Following on from these reports, Zurich has recently commissioned further work to understand the continuing issues at the top of public sector organisations risk agendas. These reports are due for publication in the second half of 2014 / early 2015. Environmental challenges and climate change risks are included within the top 10 issues facing organisations.

Since 2009, Zurich Municipal has provided strategic risk consultancy services to Local Authorities in regards to National Indicator 188, Planning to adapt to Climate Change. Specifically, this has been focused on helping local authorities understand the risks within their plans and strategies to deliver their NI188 targets, even now that NI188 has been scrapped.

Zurich Municipal also offers local government customers the option to receive their policy documentation in electronic format and online. Online policy documentation reduces paper usage, storage space in the office and enhances business continuity arrangements for customers.

Zurich Municipal also continues to drive forward its move towards usage of electronic formats within other arenas. The popular customer publication, 'Court Circular', is now distributed in an interactive pdf format, along with a number of other customer communication pieces including the risk ranking research.

Zurich Municipal has also sponsored the Greener Neighbourhoods guide, designed to help unlock the wider potential of green spaces; with practical support for social landlords, tenants and community groups, housing associations, local authorities and arms-length management organisations. Not only are green spaces arenas for promoting healthy lifestyles, they also provide increased community cohesion and help to tackle inequality.

Zurich continues to advise key commercial and public sector organisations on school design; of note, key guidance is provided concerning Sustainable Construction and Modern Methods of Construction (MMC) and as a first in the market, Zurich now offers a Further/ Higher Education version of the design guide. The guides also provide newly-expanded guidance on Modern Methods of Construction and the risks and opportunities of sustainable construction. The guides for the first time are published in an interactive pdf format to reduce paper usage. The use of the Schools Design Guide has now been widened to other segments of Zurich Municipal and, as an example, it is now distributed to Private Finance Initiative (PFI) customers for PFI school construction.

Following on from the success of the various Education Design Guides, a version is now being written for Social Housing, for production later in 2014.

Personal and Individual Products and Services

Zurich's direct motor and home products enable customer self-servicing, with the ability to manage policy adjustments and obtain policy documentation electronically. This model has been designed in response to market and customer feedback that they find it easier to use and also want to reduce their impact on the environment.

Within the Life business, we have launched both a Corporate and Retail Investment Platform, enabling customers to review and research their investments and pensions online. Documentation and correspondence can also be stored online, reducing paperwork for customers and advisers. For our Retail customers, we have upgraded this facility to be compatible with tablets, whilst our Corporate Pension customers have the ability to self-service and make changes online.

For our retail intermediaries we have also launched a pipeline tracking app, allowing them to track the status of pending protection cases, reducing the level of correspondence sent both to and from advisers. Within our Group Risk business we have rolled out electronic pens for claims assessors, enabling notes to be automatically uploaded onto computers and thereby reducing paper used for note taking. This also speeds up the process, resulting in better service to our customers.

We are moving towards far greater use of e-mail in our trading and marketing communications with our brokers across the UK. Recent initiatives include the launch of a new all-digital communications platform for brokers – named 'The Insider' – and working with our third party administrator partners to have a robust e-mail contact database at all levels within each of our brokers to minimize hard copy communications.

Our Claims team are making a transformational shift in how they communicate with customers and settle their claims with a new IT platform that went live in April 2014. Emails or texts are being sent instead of letters and claims settlements are by electronic fund transfer instead of cheques wherever possible.

In addition to this, following a property claim, all white goods such as washing machines, dishwashers, refrigerator freezers and upright freezers replaced by our approved suppliers are replaced with Band A energy efficient appliances. We actively encourage our Claims suppliers to adopt environmentally-friendly methods of working.

If we need to replace damaged UPVC the item is removed from the customer's home and taken to our supplier's central recycling facility. The item is stripped down into its individual parts which are recycled wherever possible, for example, a UPVC patio door, will be stripped down to UPVC, glass, locks and rubber seals. This process has significantly reduced the amount of waste sent to landfill.

Zurich Private Clients, which provides insurance for high net worth customers, offers cover for unlimited energy expenses, following a covered loss to solar, wind or geothermal electrical power generating systems; and increased cover for the cost of rebuilding with 'Green' building products, up to £5,000.

In terms of our Life products for individual customers, we continue to offer our pension and investment customers a range of ethical funds available through intermediaries.

We have also created a free electronic and interactive flood guide for housing tenants and homeowners on how to prepare for, deal with, and, importantly, cope with the aftermath of flooding.

This guide provides tips and valuable guidance on what to do and who to contact for general information or financial assistance. The guide can be easily accessed on desktop and laptops, tablets and smartphones. Zurich's Flood Guide was widely distributed to our public sector customers, as well as MPs and other stakeholders, during this year's flooding.

To view the guide click here: http://www.zurich.co.uk/nr/rdonlyres/046a7e44-8dad-49ce-a4b3-1414075b76d3/0/floodguide_pdf_oct2013.pdf

Commercial Lines Products and Services

In response to the increasing pressure for policyholders to adapt to climate change, and European and UK legislation and regulation on building and construction standards, we introduced Adaptation Clause 1 (Energy Performance and Sustainable Buildings) in 2009.

This clause offers policyholders the opportunity to reinstate damaged buildings with improvements already recommended as part of an Energy Performance Certificate assessment, and to use materials that not only improve thermal qualities but also utilize materials with a lower carbon footprint.

We also have a range of covers for commercial customers (Adaptation Clauses 2 and 3) to improve climate resilience in rebuilding following an insured loss. The covers include the opportunity for building adaptation to improve thermal qualities, flood resilience and debris recycling.

The Environmental Damage (Prevention and Remediation) Regulations came into force in England on 1st March 2009 to comply with European Law which effectively reinforces the 'polluter pays' principle. These Regulations impose obligations on operators of economic activities to prevent, limit or remediate serious environmental damage and are in addition to those under existing legislation.

Zurich has reviewed the pollution cover provided by its Public Liability and Combined Insurance policy. PL and Combined Insurance policies have been extended to include the statutory costs of remediation, including those incurred under the Environmental Damage (Prevention and Remediation) Regulations, up to £1million in any one period of insurance.

We are active in publicizing the message of risk awareness and mitigation generally, and in sharing knowledge and best practice. In our tailored Broker online publication 'The Insider' we have published guidance on issues such as sustainable construction practices and surface water flooding. Examples of these articles can be accessed here: <http://insider.zurich.co.uk/market-expertise/growing-threat-surface-water-flooding-urban-areas/>. Another example is our collaboration with the CII to provide an on-line seminar on flood resilience, resistance and protection, advising brokers and our customers on best practice in this area: <http://www.cii.co.uk/knowledge/claims/articles/flood-resistance-and-resilience-explained/25947>

Our Global Corporate business has a product range offering broad insurance coverage for both the construction and operational exposures of wind farm projects. Companies involved in the construction and operation of wind farms are able to obtain protection to meet diverse risk management needs during the construction and operational phases under one program, ensuring gaps in cover do not occur as projects are completed.

Global Corporate's property insurance includes cover for rebuilding in a sustainable way, even if the costs are greater than using standard processes. Our 'green endorsement' covers the additional costs of reinstatement with products or building materials from sustainable material manufacturers such as BREEAM, LEED and Green Globes.

Global Corporate also offers an insurance, telematics and risk management proposition for motor fleets, which helps enable safer, more efficient and more environmentally-friendly fleets. Working very closely with our underwriting and risk engineering specialists, and by combining technology with driver development and management, companies can identify risky driving behavior. They can also put in place appropriate measures to improve fuel efficiency, vehicle wear-and-tear and improve vehicle deployment to reduce unnecessary journeys, often helping to achieve double digit improvements in fuel efficiency.

Zurich has a number of customers either utilizing or piloting the initiative across their fleets. For example, Zurich Fleet Intelligence supported one customer's drive to improve fleet safety and reduce fuel consumption. By implementing a number of risk management initiatives successfully in conjunction with Zurich (including driver assessment, driver training and the use of a driver behavior system), they have reduced their incident rate by 65% and their damage self-insured costs by 60% over just three years. In addition to the incident savings, the system reduced fuel usage by 100,000 liters in a 12 month period, an improved MPG of nearly 10%.

We also offer our personal lines customers a telematics product which allows us to identify risky driving behavior. The driver can review their journeys and driving habits so they can learn from how they have driven. They can then adapt their driving going forward to be safer on the roads, which in turn allows for better fuel efficiency and reduces vehicle wear and tear.

We also offer our customers Environmental Liability cover. In today's business climate, the scope of environmental impairment includes industries once thought to be invulnerable to environmental risks. Risks like these can crop up suddenly or lay dormant, unknown and unexpected, for years. Our product, Z Choice, provides cover for clean-up costs, bodily injury, property damage or natural resource damages for new or existing pollution events. Optional coverages include as business interruption, mould and transportation of materials.

As a large Real Estate insurer, we continue to focus upon the emergence of sustainability risk as a result of legislation and the economic response to it, allied to apparent changing weather patterns. The key risk headlines are:

- income risk
- lease risk
- energy performance risk
- flood: risk to value and additional costs of reinstatement
- major renovation.

Taking all these together, Zurich's commercial business built upon its 2013 White Paper: 'Energy and Sustainability', with a follow up document 'Assessing Energy Act risks on a real estate portfolio' and this is shortly to be joined by a piece upon the separate approach being taken in Scotland.

These are circulated in our tailored Broker online publication 'The Insider'. <http://insider.zurich.co.uk/market-expertise/in-the-real-estate-game-it-pays-to-gogreen/> <http://insider.zurich.co.uk/market-expertise/assessing-energy-act-risks-real-estate-portfolio/>

We also produced a short film to advise our customers on these issues. It can be viewed here: <http://insider.zurich.co.uk/market-expertise/assessing-energy-act-risks-real-estate-portfolio/>

In conjunction with '4see Environmental' we also offer a range of services that look at energy efficiency within portfolios and identify those properties that could present risks to asset value.

CR in Business Transactions

In providing insurance to corporate customers and large projects, we may be exposed to environmental, social or governance issues inherent in certain business transactions. For example, the construction of a hydro-electric dam may contribute to economic development in a particular location, but it may also destroy a pristine environment, reduce biodiversity, and force the resettlement of people. Even though insuring the construction company is legal, doing so can trigger vocal public disapproval and damage our reputation and our stakeholders' trust.

Corporate responsibility is our commitment to enhance our contribution to the sustainability and welfare of society while at the same time ensure we live up to the principles of our Zurich Basics and the UN Global Compact. Translating that into daily business operations can be challenging.

We have therefore issued guidance to our underwriters to systematically identify, assess and mitigate potential environmental, social and governance issues and the related reputation risk inherent in certain business transactions involving large projects and corporate customers. Where issues are identified, we will work with our customers to address them.

Principle 4: Incorporating climate change into investment strategies

With over \$200 billion in Group Investments, insurance investment management is one of Zurich's core skills and an important contributor to the Group's financial results. Generating profits and returns in a way that creates sustainable value for all our key stakeholders forms an integral part of how we do business and is fundamental to the Group's long-term success. As part of the Group's Responsible Investment strategy, Zurich takes a market-based approach to addressing climate change. Our focus is to understand the risks and opportunities associated with climate change as relevant drivers of investment risk and reward. At the same time, we seek to have a positive impact on the environment. Consequently, climate change is reflected in each of the three pillars of Zurich's Responsible Investment strategy.

Responsible investment forms a key element of Zurich's investment philosophy and is fully embedded within a structured and disciplined overall investment approach. There are three elements to Zurich's responsible investment approach:

- 1) The **proactive integration of Climate Change and other environmental, social and governance (ESG) factors into the investment process** – across asset classes, and alongside traditional financial metrics and state-of-the-art risk management practices – supports us in our mission to achieve superior risk-adjusted long-term financial returns.
- 2) Through **impact investing** Zurich can help fund solutions to many of the pressing social or environmental issues of our time. Zurich is directly exposed to challenges such as the potential effects of climate change or the use of scarce natural resources. It has a direct interest in sustainable economic growth, and the development of resilient communities. **Impact investments address these and other issues by having a targeted, positive impact on society or the environment**, but also offer a financial return commensurate with risks.
- 3) Zurich believes that responsible investment will only truly have an impact if applied by mainstream investors. **Only by acting collectively can ESG risk be priced efficiently and provide the right incentives to those seeking to raise capital in the market.** Only by acting collectively will impact investments provide capital on the scale needed to tackle the pressing social and environmental issues of our time.

All of this can only be achieved by fully integrating these responsible investment practices into the overall investment approach and making them part and parcel of everyday investment decision-making. At Zurich, this is reflected through individual objectives across the Investment Management organisation and through integration of responsible investment practices into standard processes, policies and systems.

Proactive integration of ESG factors

In recent years natural disasters all over the world have illustrated just how closely climate risks have become interconnected with business risks and why, therefore, they must be integrated into business and investment decisions. Accordingly, Zurich strives to integrate the risks and opportunities associated with factors such as Climate Change into its investment decision-making process across asset classes, based on:

- adequate training to help investment decision makers understand the relevance of ESG factors
- access to data, research and analysis pertaining to ESG issues to inform investment decision-making
- formal integration of ESG factors into the security and asset selection process
- active ownership practices.

Zurich is making good progress in implementing this approach, collaborating closely with both internal and external asset managers.

Roughly two thirds of Zurich's Group investments are managed by third-party asset managers. Currently, 14 out of our 24 external asset managers are signatories to the Principles for Responsible Investment (PRI). As of March 31st 2014, almost 95% of our assets are managed by PRI signatories, including assets managed in-house. Zurich has established a regular dialogue on Responsible Investment with its major asset managers and continues to be pleased with their significant progress towards integrating ESG factors into their investment processes. Specific actions implemented by our major asset managers include the training of analysts and portfolio managers, the use of proprietary in-house (as well as third party ESG data and analysis) and active engagement with the management of portfolio companies on ESG issues. A thorough assessment of ESG integration capabilities is fully integrated into Zurich's asset manager selection process, and the integration of ESG into investment management agreements and asset manager monitoring practices is currently being piloted.

Climate Change related factors are of particular relevance in the context of real estate investing. Zurich's real estate portfolio is fully managed by in-house teams and 'sustainability' is an explicit objective of our real estate investment strategy. For our Swiss real estate portfolio, where over half of the Group's real estate assets are held and managed, a target has been defined to reduce the carbon footprint of the portfolio by 20% by 2020 (from a 2010 baseline), and 80% by 2050. Retrofits in the Swiss portfolio continue to show that, in some cases, energy consumption reductions of up to 75% can be achieved. In line with the overall approach, relevant measures taken must be economic and will be assessed for each transaction, refurbishment or development on a case-by-case basis.

Impact investing

Another integral part of our Responsible Investment approach is so-called impact investments. Entrepreneurs, governments, non-government organisations and other players are increasingly turning towards capital markets to fund solutions to many of the pressing environmental and social issues of our time. As a result, the market

increasingly offers opportunities for impact investments that address issues such as Climate Change by having a targeted, positive impact on the environment, but also offer a financial return commensurate with the risks.

We are convinced that mitigation of, and adaption to, Climate Change are critical factors for sustainable development, which is why, in November of 2013, we committed to invest up to USD 1 billion in Green Bonds. Issuers, such as the World Bank, track and report on the impact of projects funded by Green Bonds. As of December 31, 2013, USD 236 million have already been invested. In line with its approach, Zurich will continue to evaluate opportunities and grow a portfolio of investments that deliver both measurable impact and return.

Collaboration and thought leadership

We are convinced that the effective pricing of ESG factors by the market will have a positive impact on the environment. However, this can only be achieved if market participants work together. This is why Zurich actively supports collaborative initiatives and thought leadership work.

As a member of ClimateWise's low carbon investment collaboration group, Zurich is seeking to actively promote different best-practice approaches to integrate Climate Change into investment strategies. Zurich also is a founding member of the Green Growth Action Alliance. In addition, Zurich is a member of the Investment Leaders Group (ILG).

We believe that, by integrating Climate Change and other environmental risks into investment decisions, we can not only safeguard our portfolios and capitalize on opportunities, but also have a positive impact on the environment – without sacrificing return. Becoming a truly responsible investor will take time, but we are making continued good progress in a number of areas and are committed to completing the journey.

More details on Zurich's responsible investment approach, and progress on implementation, can be found on the zurich.com webpage, in Zurich's PRI transparency report available on zurich.com, and in Zurich's annual report.

Principle 5: Reducing the environmental impact of our business

Zurich is working hard to create a more environmentally-responsible workplace for our employees and customers, improving the environmental impact of our business.

Zurich recognizes that environmental protection is integral to sustainable value creation for both Zurich and society. Zurich's policy is to manage environmental risks and opportunities as effectively as possible through the progressive integration of environmental considerations throughout its business and to minimise its direct and indirect environmental impact through continuous improvement in environmental performance.

Carbon footprint

Since 1999, our Environmental Strategy Group has been working to reduce the size and shape of our carbon footprint. Through our Climate Office, Zurich announced a Group-wide CO₂ emission reductions target of 10% by 2013. The UK surpassed this by a further 7%. This reduction was achieved by increasing the use of 'green' energy, increasing energy efficiency standards in owned buildings, improving the fuel efficiency of the vehicle fleet and raising employee awareness. In addition, effective utilization of 'telepresence' and videoconferencing capabilities has reduced air travel, leading to additional carbon reductions combined with significant efficiency gains.

In the UK, our use of green electricity (generated by wind, water, waves and biomass) has dramatically increased since 2005, with 100% of owned buildings now totally powered by green electricity. We encourage the landlords of our leased accommodation to also use sustainable power.

Over the last 12 months we've continued to participate in several important environmental initiatives which have helped us develop our building management system in the UK and, in 2013, our major office campus at Whiteley was again awarded BS855 accreditation under the IEMA's (Institute for Environmental Management and Assessment) level 3 Acorn Scheme. This site represents 20% of our population and we are looking for opportunities to further increase Acorn accreditation coverage.

Zurich is complying with the European Union Energy Performance of Building Directive, 2003, which requires buildings to have certificates showing their environmental rating. Although Zurich has no premises which require certificates to be displayed, we have Energy Performance Certificates in place for properties that we are marketing.

Zurich is also complying with the Energy Performance of Buildings Directive, which requires periodic inspection on the efficiency of cooling systems

We have undertaken a number of employee campaigns and communications to promote green behaviors and demonstrate our commitment as a company to reduce our CO₂ emissions and carbon footprint, as well as improving our recycling and waste management. These include:

- Supporting the annual 'Bike to Work' and 'Walk to Work' weeks, where we hold a prize draw for everyone who cycles or walks to work during those weeks.
- Our 'Little Green Reminders' campaign encouraged employees to recycle, walk rather than use the lift, switch off electrical equipment rather than putting it on 'standby' and use the phone/video conference facilities rather than traveling.

To help reduce our energy consumption, we have started to implement a number of initiatives including:

- introducing more efficient lighting, utilizing intelligent controls, movement detectors and replacing lighting with more efficient lamps where possible
- replacing old air conditioning equipment with newer, more efficient systems
- reviewing the lighting controls and heating and cooling plants at each building so that they only operate during office hours
- pre-determining the heating controls to maintain a building temperature of 22°C, ±2°C.

Zurich is aware of its responsibilities under the CRC Energy Efficiency Scheme, and has prepared a robust framework for reporting energy consumption and CO₂ emissions. Our consumption is being recorded across all locations and our first report was submitted in July 2012. We have also carried out consultation with our tenants to inform them of the financial implications that will be borne by them as a result of the scheme.

For the UK business, our total emissions for 2013 were 17,360 CO2 tonnes – this represented an increase on the 2012 (15,497) figure due to the prolonged severe winter and the adoption of the global reporting standard. During 2013, Zurich has updated its carbon footprint calculation methodology. We have implemented a group-wide Environmental Reporting System (CRedit360), have upgraded extrapolation methodology, changed allocations to Scope 1, 2 and 3 emissions (biggest change was to transfer energy from leased buildings from Scope 3 to Scope 2), and are now using DEFRA CO2 conversion factors. For these reasons, we have restated our 2007 baseline emissions. Our carbon footprint per employee also increased to 2.67 Tonnes CO2/employee (2.22 in 2012).*

*UK figure quoted based on:

- 6,427 tonnes emissions from energy consumed in occupied premises.
- 10,933 tonnes emissions from business travel, air, road and rail.

Plans for 2014

We will continue to measure the size and shape of the UK's carbon footprint as well as leading various initiatives seeking to shrink the footprint still further. In particular we will be focusing on our registration and compliance with the newly introduced CRC Energy Efficiency Scheme and ensuring on-going compliance with the EPB Directive, both of which will help further improve our energy performance.

The Group has set us a new target to reduce CO2 emissions by 20% by 2020 relative to the 2010 baseline.

Water conservation

Since 2008, analysis of water consumption at larger sites has been facilitated using a detailed spreadsheet, showing figures based on accurate consumption and occupancy figures for the location. Waterless urinal systems have been installed to those locations that are suitable. In other locations, movement detectors have been installed that trigger the flushing. A program of works to install tank bags to all WC cisterns that are not dual flush has been successfully completed and flow restrictors have been fitted in all washroom facilities.

These changes have resulted in a considerable decrease in our water use to 5,275 liters per employee in 2013, compared to 6,442 in 2012.

Plans for 2014

- By installing remote metering at all major locations any significant variations in consumption will be noted within a few hours so that corrective action can be taken. Targeting and monitoring water in this way is expected to produce additional savings.
- Waterless urinals will continue to be rolled out at our major sites.

Waste minimization

In 2013, UK locations continued to implement their local environmental action plans. Our waste contractor has also maintained an integrated approach to managing our various waste streams, as well as the provision of reliable information.

Not only do we now have more accurate figures for our locations, but these provide evidence of various improvements on previous years. We continue to work with our waste contractor to look at further opportunities for recycling.

Our total waste for 2013, including all waste recycling, was 1012 tonnes which represents a 165 tonne decrease from 2012. Our total waste to landfill was 290 tonnes which was again down from 333 in 2012.

Business travel

We continue to monitor the level of business miles travelled whether by air, road or rail in an effort to manage down our activity and reduce the environmental impacts. In 2013 business travel created 10,993 tonnes of CO2, equating to 1.68 tonnes per FTE. This is slightly up on our 2012 figures of 10,365 tonnes and 1.49 tonnes respectively.

CO2 emissions are an increasingly important factor in the choice of company cars offered to qualifying employees. In 2013, UK car fleet emissions were 5,472 tonnes, a reduction of 466 tonnes from 2012.

Commuting

We continue to review our travel plans to ensure they accurately reflect current commuter patterns, aiming not only to reduce pollution but also to take account of local restrictions on commuter car parking.

Our annual 'Bike to Work Day' was supported at all UK office and we have continued to promote cycling across all locations.

The Jambusters car share database, linked to provision of guaranteed parking spaces, has continued. We have continued to provide coach routes to bring employees to our Whiteley office from Portsmouth, Gosport, Horndean areas and Swanwick Station, which has meant up to 200 employees each day traveled to work using this mode of transport. A similar bus service is also provided for employees at our Cheltenham location. We have also created formal guidelines for our onsite car parks, which we have used as the basis for standardizing our approach in other locations.

Supply chain

UK Third Party suppliers are managed by key business owners and supported and governed by a wider Third

Party Oversight Group which ensures consistency of decision making and adherence to internal standards. This group meets on a quarterly basis to review the performance and appropriateness of arrangements.

Zurich in the UK has a comprehensive and detailed third party standards framework which uses a risk based approach to assess third party competence and delivery performance. As part of our Request for Proposal process all UK suppliers must complete a due diligence questionnaire that includes corporate responsibility and environmental criteria. To understand our suppliers approach to these issues, within the questionnaire they are asked, "Do you and your suppliers use CR/ Environmental considerations in the selection and evaluation of the supply chain?".

All third party contracts must include a section relating to conducting periodic business reviews to monitor that the supplier is operating to our standards including Corporate Responsibility. In addition key third parties are reviewed on a quarterly basis using a performance management framework and onsite assessment as appropriate.

Environmental performance and credentials are a key consideration when assessing the suitability of third party arrangements and increasingly we are working with Third Parties that can enhance our corporate responsibilities. An example of such an arrangement is the provision of our printer network supply where we have recently worked with a new third party to supply new multi-functional devices to replace our legacy fax, photocopying and printer fleets. This deployment concentrated on energy consumption and paper reduction.

Compliance with the standards and the relevant legislation is audited by Zurich. A failure by a supplier to comply or to rectify the issue within a short time frame will result in our contract being withdrawn.

Dynamic working

'Dynamic Working', which aims to promote a more effective working environment focused on better teamwork and sharing of resource and equipment, has also been rolled out in a number of our sites.

Principle 6: Reporting and being accountable

Zurich's three UK CEOs continue to recognize the importance of Executive level support and endorsement of climate-related activity in order to drive initiatives forward.

Zurich's UKGI and Shared Services CEO is in regular contact with ClimateWise and other industry CEOs on this topic and also receives regular updates from HRH the Prince of Wales.

There has been clear commitment and ownership for climate initiatives by executive team members through the embedding of environment as one of the four cornerstones of our Corporate Responsibility Framework, as well as making it a core part of our Marketplace deliverables. Responsibility has been assigned to the Chief Marketing Officer, who chairs the Corporate Responsibility Council which works across the three UK business units, to ensure Zurich in the UK is delivering on all its commitments towards sustainable business practices.

The Chief Operating Officer has again reaffirmed his commitment to the Environmental Strategy Group (ESG) which, each year, submits an annual statement of work setting objectives and highlighting activities undertaken to implement these principles. Our main priorities continue to be: reducing our consumption of electrical energy, reducing our consumption of materials, reducing business travel and implementing commuter travel plans. The ESG continues to submit data as required for the Zurich Group's submission to the Carbon Disclosure Project, the Business in the Community Index and the Dow Jones Sustainability Index.

Zurich places significant emphasis on its risk management culture and therefore requires the ESG to complete a total risk profile and submit a quarterly risk report to the UK Risk function.

The Zurich's Group's Environmental Policy and Commitments are summarized here:

<http://www.zurich.com/aboutus/corporateresponsibility/environment-protection/groupenvironmentalpolicy.htm>

Zurich's ClimateWise submission is published each year on www.zurich.co.uk

In addition, information is also submitted for the purposes of the Group submission to the Dow Jones Sustainability Index.

We also report our activity within the annual Business in the Community Corporate Responsibility Index and our UK Corporate Responsibility Report. (www.zurich.co.uk/corporateresponsibility)



For further Information

At Zurich, we are constantly looking to improve our service to our customers, partners and intermediaries. Any feedback, both positive and negative, will be gratefully received and given careful consideration. The climate change challenge is no exception, so please email us at:

Sophie.Spink@uk.zurich.com or phone: 01793 511227

Zurich may record or monitor calls to improve our service.

Zurich Insurance Group (Zurich) is a leading multi-line insurance provider with a global network of subsidiaries and offices in Europe, North America, Latin America, Asia-Pacific and the Middle East as well as other markets. It offers a wide range of general insurance and life insurance products and services for individuals, small businesses, mid-sized and large companies as well as multinational corporations. Zurich employs about 60,000 people serving customers in more than 170 countries. The Group, formerly known as Zurich Financial Services Group, is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt program which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

Corporate responsibility: our strategic choice

For Zurich, corporate responsibility (CR) is a key ingredient of our strategy. It is about sustainable value creation, one of our core values, as set out in Zurich Basics, our code of conduct. We aim to create sustainable value for each of our main stakeholder groups by proactively addressing relevant environmental, social and governance issues.

Zurich Basics together with our commitment to the United Nations Global Compact are the foundation of our CR strategy. We focus on areas related to our core business so that we can apply our insurance and risk management expertise to enhance our contribution to society. These areas are:

- Enhancing community flood resilience
- Investing our Group assets responsibly
- Working with our corporate customers to help them better understand and manage their CR risks
- Community investment through the Z Zurich Foundation
- Environment, health and safety management in our office buildings
- Diversity and inclusion in our workforce
- Responsible supply chain management

To ensure that we execute on our CR strategy, the Group Executive Committee has formed a CR Working Group to advise it on strategy, priorities and objectives, and to track our performance. Our three business segments and key functions such as Group Operations and Investment Management are represented, to ensure that CR is embedded in our business. The CR Working Group is chaired by a member of the Group Executive Committee, Kevin Hogan, CEO of our Global Life business segment.

For more information on corporate responsibility at Zurich, see our Annual Review 2012, which is available on www.zurich.com, as well as the corporate responsibility section of our website (within 'About us').



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