

Setting the pace

Zurich Insurance Group
Annual Report 2024

ZURICH

Setting the pace

‘Setting the pace’ embodies our ambition to remain strong and competitive in the long term. Over the past eight years Zurich has delivered industry-leading total shareholder returns. But we cannot stand still.

Our new bold three-year plan and climate transition plan highlight our determination to accelerate our efforts aimed at achieving sustainable growth, while allowing us to seize opportunities in the market.

We’re setting a new pace for ourselves; one that will allow us to remain flexible and reactive amid the challenges facing our industry, and our customers.

Learn more about:
▶ **Our strategy**

Learn more about:
▶ **Our climate transition plan**

Read the story:
▶ **Global response**

Read the story:
▶ **Climate resilience**

Inside this year's report

Group overview

Setting the pace	4
Our performance	8
Our global business	9
Our business mix	10
Message from our Chairman and Group CEO	12
Our business model	14
Our strategy	16
Our climate transition plan	19
Our stakeholders	21
Z Zurich Foundation	26

Our performance
8



Our strategy: a new three-year plan
16



Governance

Message from our Chairman on corporate governance	30
Corporate governance report	32
Message from our Chair of the Remuneration Committee	74
Remuneration report	77

Sustainability report

Executive message on sustainability	116
Sustainability report	119

Risk review

Message from our Group Chief Risk Officer	224
Risk review	226

Financial review

Message from our Group Chief Financial Officer	256
Financial overview	258
Message from our Group Chief Investment Officer	268
Consolidated financial statements	270
Holding company	412
Shareholder information	426
Acronyms and abbreviations	428
Glossary	430
Contact information	432

Zurich Insurance Group (Zurich) is a leading global multi-line insurer founded more than 150 years ago, which has grown into a business serving more than 75 million customers in more than 200 countries and territories, while delivering industry-leading total shareholder returns.

Reflecting its purpose to 'create a brighter future together,' Zurich offers protection services that go beyond traditional insurance, to support its customers in building resilience. Since 2020, the Zurich Forest project supports reforestation and biodiversity restoration in Brazil's Atlantic Forest.

The Group has more than 63,000 employees and is headquartered in Zurich, Switzerland. Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information is available at www.zurich.com.

Our climate transition plan
19



Setting the pace

We're setting a new pace for ourselves; one that will allow us to remain flexible and reactive amid new challenges.



Response
Kate Fitzpatrick
Regional Security Director EMEA, World Travel Protection
4



Resilience
Francisco Lisbona
Head of Zurich Resilience Solutions Spain
5



Technology
Christian Westermann
Group Head of Artificial Intelligence
6



Transition
Frank Streidl
Head of Commercial Insurance UK
7

Cover: Runners setting the pace at the start of the Zurich-sponsored San Sebastian Marathon.

Setting the pace with global response



“The world is increasingly unpredictable. From cyber threats and misinformation to crisis situations and extreme weather. But our 24/7 global command centers are here to help customers avoid these risks and respond to any crisis, anywhere in the world.”

Kate Fitzpatrick
Regional Security Director EMEA, World Travel Protection – London

World Travel Protection is a global leader in travel risk management providing corporate and leisure travelers with access to 24-hour expertise and support. Its command centers in London, Toronto and Brisbane have in-house teams of medical and security professionals, protecting almost 20 million insured travelers every year. World Travel Protection is part of Zurich Cover-More, a global travel insurance business that has been enlarged with the acquisition of Travel Guard from AIG.

Read the full story:
▶ www.zurich.com/media/magazine/2024/kate-we-have-a-situation

Setting the pace on climate resilience



“To adapt to more frequent and intense forms of extreme weather, we all need to increase investment in climate resilience. We’re acting now to help companies, communities and cities – such as Madrid – to understand and respond to climate risks now and into the future.”

Francisco Lisbona
Head of Zurich Resilience Solutions Spain – Madrid

Zurich Resilience Solutions’ team of climate scientists, data experts and modelers use a data-driven approach to help Madrid City Council to identify and quantify its exposure to extreme heat and to recommend measures to increase the city’s climate resilience. This has included analyzing the impact of heat waves on Madrid’s schoolchildren. Like all aspects of life, schools need to adapt to climate change. Building climate resilience is central to Zurich’s climate transition plan.

Read the full story:
▶ www.zurich.com/media/magazine/2024/madrids-battle-against-extreme-heat



Setting the pace with insights from new

technology

“Zurich is at the forefront of the AI revolution in the insurance industry. AI offers an untold number of opportunities that could have a transformative impact on our business. Not in terms of what we do, but in the way we do it.”

Christian Westermann
Group Head of Artificial Intelligence – Zurich

Zurich’s team of AI specialists, engineers, scientists and developers have over 500 AI applications and tools in deployment and development to enhance the customer experience and enable growth and profitability across many parts of business, including claims management, agent performance and contact center outcomes. Most prominently, generative AI is shaping the future of underwriting and – with vital human input – is helping maintain Zurich’s position as a market leader. This includes the use of internally developed AI technology which supports underwriters in using consistent policy wordings as well as in their interactions with underwriting guidelines.

Read the full story:
▶ www.zurich.com/media/magazine/2024/where-is-ai-headed



“Hydrogen has enormous potential as an alternative to fossil fuels. We believe it can play a critical role in the energy transition. We at Zurich, together with Aon, are proud to be bringing a ground-breaking initiative to the market to support the development of clean hydrogen projects.”

Frank Streidl
Head of Commercial Insurance UK – London

Together with risk consultant and insurance broker Aon plc, in July 2024 we launched a pioneering clean energy insurance facility which aims to accelerate the development of ‘blue’ and ‘green’ hydrogen projects. The facility has already been oversubscribed by the participating insurers, significantly exceeding expectations, demonstrating the market’s appetite for sustainable solutions and the insurance industry’s willingness to provide cover for new risks.

Read the full story:
▶ www.zurich.com/media/news-releases/2024/2024-0701-01

Setting the pace by supporting the energy transition

Our performance

A strong position



All our businesses delivered an outstanding performance in 2024, positioning us strongly at the start of the new cycle for which we have set our most ambitious targets yet. This reinforces our ability to execute and deliver on our plans and our commitment to create consistent long-term value for all our stakeholders.

USD 7.8bn
Business operating profit (BOP)

CHF 28.00
Proposed dividend per share[2]

>75 million
Total customers

24.6%
Core ROE[1]

USD 161bn
Total investments[3]

10 million
Users engaging with Zurich on our apps and portals in 2024

USD 7.1bn
Net cash remittances

SST 252%
Swiss Solvency Test ratio (SST) estimated as of December 31, 2024[4]

USD 27.9bn
Total paid on claims[5]

1 Shareholders' equity used to determine ROE and Core ROE includes net unrealized gains/(losses) on financial assets, net change in discount rate for (re-) insurance contracts and net change in fair value of underlying items through OCI. Core ROE was previously referred to as BOPAT ROE.
2 Proposed dividend, subject to approval by shareholders at the Annual General Meeting, expected payment date as from April 15, 2025. Gross dividend, subject to 35 percent Swiss withholding tax.
3 Market value of the investment portfolio (economic view). See page 269 for further details.
4 Estimated Swiss Solvency Test (SST) ratio as of December 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.
5 Total paid on closed and outstanding claims, before reinsurance.

Our global business

A global business reach

We offer a wide range of products and services in more than 200 countries and territories. Our global footprint is a strength, providing scale and opportunities to adapt to the changing needs of our customers and the markets we serve.



Latin America

Zurich operates in Brazil, Mexico, Argentina and Chile, among other countries.

Read more on:
▶ Pages 386–389

USD 3.2bn
Property & Casualty insurance revenue

USD 8.0bn
Life gross premiums and deposits[1]

USD 0.6bn
Business operating profit

8,500
Number of employees in Latin America



North America

Zurich operates in the U.S. and Canada.[2]

Read more on:
▶ Pages 386–391

USD 21.0bn
Property & Casualty insurance revenue[3]

USD 1.0bn
Life gross premiums and deposits[1,3]

USD 4.7bn
Business operating profit[4]

18,200
Number of employees in North America[5]

Europe, Middle East and Africa

Zurich has major operations in Germany, Italy, Spain, Switzerland, the UK and a presence in other key countries in Europe and the Middle East.

Read more on:
▶ Pages 386–389

USD 18.7bn
Property & Casualty insurance revenue

USD 21.7bn
Life gross premiums and deposits[1]

USD 3.1bn
Business operating profit

27,400
Number of employees in Europe, Middle East and Africa



Asia Pacific

Zurich has a growing footprint in Asia Pacific, with operations in Australia, China, Hong Kong, Indonesia, Japan, Malaysia, Singapore and now India.

Read more on:
▶ Pages 386–389

USD 3.8bn
Property & Casualty insurance revenue

USD 2.8bn
Life gross premiums and deposits[1]

USD 0.6bn
Business operating profit

9,600
Number of employees in Asia Pacific



1 Gross written premiums for protection, gross policyholder inflows (including deposits) for all other lines of business (including investment and asset management contracts).
2 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.
3 Excludes Farmers.
4 Includes Farmers but excludes the Farmers Exchanges, which Zurich does not own.
5 Employees for North America includes Farmers, but excludes the Farmers Exchanges, which Zurich does not own.

Our business mix

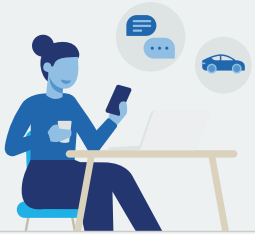
A broad customer base

We are a leading multi-line insurer, serving more than 75 million customers in both global and local markets. Through our Property & Casualty and Life businesses, and Farmers, we cater to a broad range of customers: individuals and families, small and midsized businesses, public entities, and multinational corporations.

Property & Casualty

Insurance, services and risk insights.

Read more on P&C:
▶ Pages 260–261



USD 4.2bn
Business operating profit

USD 44.8bn
Insurance revenue

Zurich is the second-largest global commercial insurer with a profitable retail franchise which positions us well for success through the cycle.

Business mix
2024 insurance revenue by line of business



Property	37%
Motor	22%
Special lines	17%
Liability	16%
Worker injury	8%

Life

Protection, savings and investment solutions.

Read more on Life:
▶ Pages 262–263

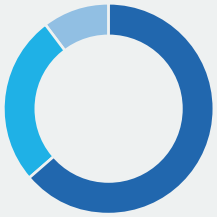


USD 2.2bn
Business operating profit

USD 33.1bn
Gross premiums and deposits[1]

Zurich operates a long-term strategy of focusing on protection and capital-light savings business.

Business mix
2024 gross premiums and deposits by line of business[1]



Unit-linked	63%
Protection	26%
Savings and annuities	10%

Farmers[2]

Provides services to the Farmers Exchanges.[2]

Read more on Farmers and Farmers Exchanges[2]
▶ Page 264

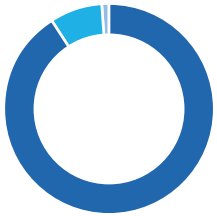


USD 2.3bn
Business operating profit

USD 4.6bn
Fee service revenue

Zurich has no ownership interest in the Farmers Exchanges,[2] which are owned by their policyholders. The Exchanges are a leading player in U.S. personal lines insurance.

2024 business operating profit by business



Farmers Management Services	91%
Farmers Re	8%
Farmers Life	1%

1 Gross written premiums for protection, gross policyholder inflows (including deposits) for all other lines of business (including investment and asset management contracts).
2 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.

Our business mix (continued)
Farmers®

Innovating for the future

At Farmers®[1], we are dedicated to evolving with the ever-changing consumer marketplace. Our goal is to connect with consumers at pivotal moments, offering insights on coverage options and risk mitigation strategies to help better prepare them for life's uncertainties.



By broadening the options available for home and auto insurance through the introduction of Farmers® Choice, we have enhanced the consumer's purchasing experience. This not only bolsters the consumer's choices but also deepens the relationships agency owners have with their customers. Supporting this program is a new, industry-leading quoting experience, Alta, which underscores our commitment to efficiency, allowing Farmers exclusive agents to offer insurance solutions more quickly.

Furthermore, we are harnessing customer intelligence to proactively identify and address coverage gaps. This approach enables agents to offer tailored solutions for existing policies, fostering a sense of security and trust among our customers.

As more consumers seek to understand how they can reduce their risk, we have launched educational initiatives that demystify the impact of various weather and non-weather events on insurance costs and provide actionable steps for risk reduction. A standout initiative encourages the installation of automatic water shutoff devices, a measure proven to mitigate certain types of water losses significantly and is now being expanded following a successful pilot.

1 All references to 'Farmers Exchanges' mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and certain of its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

Our unwavering commitment to innovation is propelling Farmers toward becoming the insurance organization of the future. Through these customer-centric solutions, we are not just adapting to change – we are driving it, ensuring our customers can help face the future with confidence and peace of mind.

Farmers® business transformation delivers strong results

Continuing on a transformational journey toward sustained profitability, a series of initiatives resulted in a year-end combined ratio of 91.4 percent for the Farmers Exchanges,[1] a decrease of 12 percentage points from the previous year. The combination of underwriting changes, rate adjustments and risk mitigation measures also helped grow the Farmers Exchanges surplus ratio to above the target range. A re-envisioned distribution management structure was also introduced, which, combined with an overhauled agency incentive structure and a new quoting platform for Farmers® exclusive agents, positions the Farmers Exchanges favorably to deliver long-term, profitable growth.

91.4%
Combined ratio for the Farmers Exchanges[1]



Message from our Chairman and Group CEO

Consistent strength

Zurich Insurance Group (Zurich) achieved record business operating profit (BOP) and return on equity (Core ROE[1]) in 2024. This strong set of results, together with Zurich's track record of consistent delivery, position us strongly at the beginning of the new three-year cycle.



Michel M. Liès
Chairman of the Board of Directors

All our businesses delivered an outstanding performance in 2024. Property & Casualty and Life posted their best-ever results and Farmers grew profitably. We continue to experience positive rate momentum in our Commercial business and a healthy pricing environment in Retail, providing a strong start to our new three-year cycle for which we have set our most ambitious targets yet. This reinforces our ability to execute and deliver on our plans and our commitment to create consistent long-term value for all our stakeholders.

Dividend

The Group's attractive dividend policy is confirmed by proposing a dividend of CHF 28 per share, an increase of 8 percent. Over the last eight years, Zurich has distributed more than CHF 28 billion to its shareholders in cash dividends and share buybacks contributing to an industry-leading total shareholder return of 16 percent per year.[2]

Property & Casualty

Zurich's Property & Casualty (P&C) business continues to increase profitability by focusing on underwriting discipline, maintaining a balanced portfolio, and simplifying customer and broker interactions. As a result of these efforts, P&C increased its insurance revenue and improved its combined ratio.

P&C business operating profit (BOP) of USD 4.2 billion was 8 percent higher than in the previous year in U.S. dollars and on a like-for-like[3] basis. Gross written premiums grew 5 percent in U.S. dollars and on a like-for-like[3] basis. The Group achieved exposure adjusted price increases of 4 percent. Insurance revenue rose 6 percent in U.S. dollars and 5 percent on a like-for-like[3] basis, benefiting from the earn-through of growth in gross written premiums. The combined ratio of 94.2 percent improved 0.2 percentage points year-over-year. A strong improvement in the loss ratio was partially offset by an increase in the expense ratio.

The Group's leading Commercial Insurance business delivered a strong BOP of USD 3.4 billion, while the Retail business increased its BOP to USD 1.0 billion, up USD 618 million or 171 percent. In Retail, gross written premiums increased 11 percent on a like-for-like[3] basis supported by rate changes of 5 percent.



Mario Greco
Group Chief Executive Officer

Message from our Chairman and Group CEO (continued)

Life

Life continued to successfully execute its strategy supported by a robust underlying performance, delivering a record BOP of USD 2.2 billion, up 8 percent in U.S. dollars and 9 percent on a like-for-like[3] basis. Gross premiums[4] grew strongly in capital-light lines to USD 29.6 billion, up 6 percent in the unit-linked and protection businesses on a like-for-like[3] basis. Building on this consistently strong delivery and to capture further growth opportunities, the Group has consolidated its Life protection business under a single unit, as announced at the November 2024 Investor Day.

Life gross premiums[4] and present value of new business premiums (PVNBP) increased 4 percent and 5 percent respectively on a like-for-like[3] basis, driven by growth in Zurich's preferred lines of protection and unit-linked. Protection gross premiums[4] increased 7 percent on a like-for-like[3] basis to USD 8.7 billion. Protection new business premiums increased 6 percent on a like-for-like[3] basis to USD 5.7 billion.

Unit-linked gross premiums[4] grew 5 percent on a like-for-like[3] basis to USD 20.9 billion, benefiting from strong inflows from investment contracts in Ireland and retirement savings in Latin America through the joint venture with Banco Santander.

Unit-linked new business premiums rose 18 percent on a like-for-like[3] basis. Bank distribution was a key driver of growth, particularly in Latin America, through the joint venture with Banco Santander, and in Germany through the distribution agreement with Deutsche Bank.

Farmers

Farmers results reflect the positive impacts from the ongoing business transformation over the last year and position the business well for further growth. Farmers BOP of USD 2.3 billion was in line with the record level achieved in 2023. Farmers Management Services (FMS) contributed a record BOP of USD 2.1 billion. This is a 5 percent increase compared with the prior year, reflecting the growth at the Farmers Exchanges[5], lower operating expenses and the BOP contribution from the brokerage entities Zurich acquired from the Farmers Exchanges[5] in December 2023.

Farmers Re BOP compared favorably with the prior year following improved underwriting at the Farmers Exchanges[5] and a higher participation rate of 10.0 percent compared with 8.5 percent in 2023. These favorable factors were offset by lower BOP from Farmers Life, reflecting completion of the reinsurance agreement to cede its in-force individual life portfolio to Resolution Life in August 2023.

Farmers Exchanges[5] gross written premiums were up 4 percent compared with the prior year and the Farmers Exchanges[5] combined ratio of 91.4 percent was 11.9 percentage points lower than in 2023, reflecting higher premium rates and moderating cost trends, and an improved expense ratio. The surplus ratio was estimated at 42.4 percent as of December 31, 2024, well above the target range of 34–38 percent.

Capital position

Zurich's capital position remained very strong. As of December 31, 2024, Zurich's Swiss Solvency Test (SST) ratio was estimated at 252 percent[6], which compares with 234 percent as of December 31, 2023.

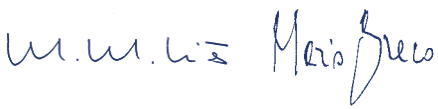
Acquisitions

We continue to secure opportunities for growth. In 2024 we acquired a 70 percent stake in India's Kotak Mahindra General Insurance, now operating as Zurich Kotak. We also acquired AIG's global personal travel insurance and assistance business, making Zurich one of the largest travel insurers globally in a market worth about USD 20 billion annually in gross written premiums. The AIG travel business is being combined with the Group's existing travel insurance provider Cover-More Group and operates within the expanded corporate brand, Zurich Cover-More.

The increase was driven by favorable market movements, capital generation in excess of dividend accrual, as well as a positive impact from the disposal of an annuity book in Chile, and the issuance of USD 500 million of subordinated debt in October. Cash remittances rose by USD 2.4 billion to USD 7.1 billion driven by operational earnings and remittances of excess capital.

In 2024, Zurich became one of the best-in-class insurers among European peers for its financial strength ratings with three rating agencies. This is the result of recent upgrades by Moody's (Financial Strength rating to Aa2 from Aa3 in September) and AM Best (Issuer Credit rating upgraded to aa from aa– in November). S&P's Insurance Financial Strength (IFSR) rating remained at the AA level. This reflects the recognition of the Group's diversified and resilient earnings profile, balance sheet strength and strong capital flexibility, underpinned by conservative risk management.

Yours sincerely,



Michel M. Liès
Chairman of the Board of Directors

Mario Greco
Group Chief Executive Officer



1 Shareholders' equity used to determine ROE and Core ROE includes net unrealized gains/(losses) on financial assets, net change in discount rate for (re-) insurance contracts and net change in fair value of underlying items through OCI. Core ROE was previously referred to as BOPAT ROE.
2 Annualized TSR in U.S. dollars from January 1, 2017, to December 31, 2024.
3 Like-for-like comparisons represent the change in local currencies and after adjusting for acquisitions and disposals and excluding Argentina. Including Argentina, P&C GWP like-for-like growth +6% and P&C Insurance revenue like-for-like growth +6%, Life GWP like-for-like growth +4%, Life PVNBP and NB CSM like-for-like growth +6%.
4 Gross written premiums for protection, gross policyholder inflows (including deposits) for all other lines of business (including investment and asset management contracts).
5 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.
6 Estimated Swiss Solvency Test (SST) ratio as of December 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.

Our business model

We create sustainable value

For over a century and a half our business has evolved to deliver value to all our stakeholders.

The resources and relationships we manage to support long-term success

Our planet
We are supporting a positive socio-economic and environmental transition, while at the same time building resilience to evolving risks. Environmental challenges including nature loss and climate change can impact all sectors of the real economy which we insure and invest in, and ultimately can have significant impacts on our long-term value.

Our customers
Customer expectations are evolving and creating new demands. Customers increasingly expect a seamless digital experience with more personalized and sustainable products, faster delivery and simpler processes.

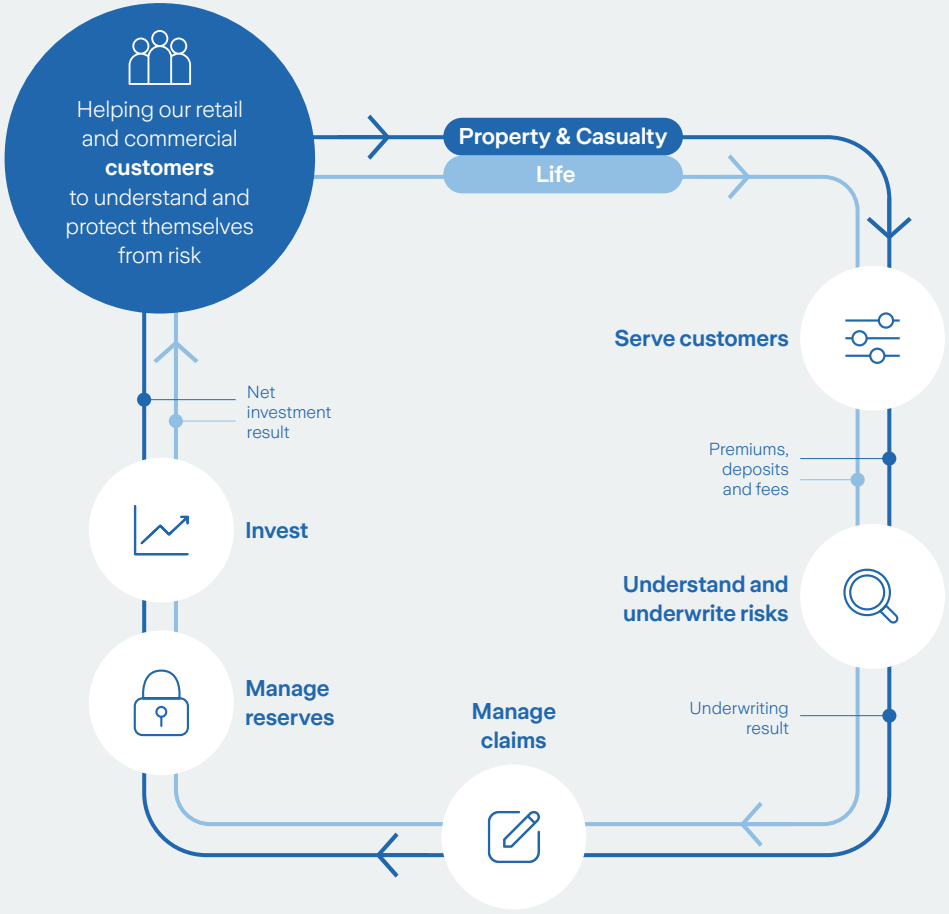
Our people
We support employees with learning the right skills to navigate the evolving world of work – so they can help our customers do the same.

Our financial capital
Our shareholders and bondholders provide the financial capital that sustains our business. We maintain a strong balance sheet. Zurich Insurance Company Ltd's financial strength was rated AA/stable by S&P, Aa2/stable by Moody's and A+(superior)/stable by AM Best as of December 31, 2024. AM Best's Issuer Credit rating[1] is aa/stable.

Our suppliers and service providers
We set out clear environmental, social and ethical expectations for our suppliers globally to ensure the respect of human rights within our sphere of influence.

The key elements of our business model and how we create value

Read more:
▶ Page 15



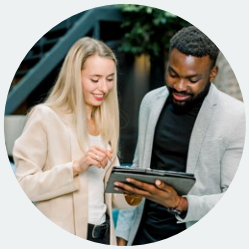
Outcomes and progress during the year



Our planet
Read about the ways we contribute to a more sustainable future:
▶ Page 22



Our customers
Read about the ways we serve our customers:
▶ Page 23



Our people
Read about our people and how they contribute to the business:
▶ Page 24



Our investors
Read about how we meet the needs of our investors:
▶ Page 25

1 AM Best differentiates between the issuer credit rating and the less granular financial strength rating in their proprietary methodology.

Our business model (continued)

With a rich heritage spanning more than 150 years, Zurich has established itself as a trusted partner in managing risks and providing innovative insurance solutions.

In Property & Casualty, we offer insurance coverage for businesses and individuals. This includes commercial auto, property, liability, specialty, and workers' compensation products, as well as personal lines insurance, such as motor and home coverage. We receive premium payments and pay claims. Additionally, we invest the premium payments to generate returns and further support our insurance operations.

Our Life business offers life insurance products that provide financial protection to individuals and their families in the event of the policyholder's death or other specified events. We receive premium payments and when required pay out a predetermined sum of money to the designated beneficiaries. We also focus on unit-linked products, which combine life insurance coverage with investment opportunities.

Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.[1]

Serve customers

We continuously expand our network, making products, services and solutions available to customers through many channels: directly, or indirectly via brokers and agents, and in cooperation with third parties including banks, travel providers, retailers, rental agreements and car dealerships.

A strong, global partner network is vital to our success, and this requires developing and curating our relationships.

The success of our business and the satisfaction of our customers are founded on the activities described below, from pricing risk to settling claims quickly. Trusted customer relationships mean we are better able to provide advice and solutions that meet the individual needs of our customers in an evolving risk landscape.

Understand and underwrite risks

Insuring risks is central to what we do. Our underwriting expertise, knowledge and skill, accumulated over decades of experience and backed by a wealth of data, gives us the ability to assess, understand and quantify risks at all levels of complexity. This enables us to offer fairly priced, appropriate insurance solutions to our customers, as well as provide insights to support them in managing their risks and mitigating potential losses.

As trusted long-term partners, we stay close to our customers to better understand their individual needs and, where possible, equip them with the right tools to navigate any challenges they face. We have deployed technology throughout the organization to improve how we engage with our customers and support our underwriters in providing a superior service. We constantly make improvements to the day-to-day environment for our underwriters by seeking and acting on their feedback. This reduces turnover and means we can retain talented and experienced people within the organization, helping us to maintain the strong technical capabilities our customers expect.

Manage claims

It is vital our customers have faith and confidence in our ability to fulfill our commitments. Experience and a reputation built over decades mean our customers can trust us to use our expertise to support them in their time of need, responding swiftly, keeping them informed throughout their journey, and settling the claim fairly.

We are constantly seeking new ways to respond to our customers' expectations of service, offering a choice of communication channels and self-service capabilities. We innovate to respond to their changing needs and enhance the sustainability of the services we deliver. We strive to deliver insights to customers to help them mitigate and even avoid future losses.

We systematically analyze customer feedback using a range of engagement opportunities, including net promoter system (NPS) programs, not only as part of our claims process but throughout all key customer touchpoints.

Manage reserves

Our Group-wide policy, the 'Zurich Way of Reserving,' with well-defined standards and conservative approach, is the basis for how we calculate insurance liabilities. Our reserving process is supported by strong governance, including extensive internal and external reviews.

Invest

Our income includes returns from invested premiums, policy fees and deposits. Our success as a business is important to those who depend on us to pay claims reliably, as well as investors who look to us to deliver savings returns and operate our business responsibly.

Zurich's approach to managing investments aims to maximize risk-based returns relative to the Group's liabilities, while understanding emerging risks in challenging times. That is why we manage our assets responsibly and do this by integrating sustainability factors in our investment decisions.

1 Zurich Insurance Group has no ownership interest in the Farmers Exchanges.

Our strategy

Raising the bar

Zurich is performing exceptionally well, generating market-leading shareholder returns, but we see new opportunities to accelerate our success story. To reflect our growing confidence, we have launched a new three-year plan with the most ambitious targets in Zurich's history.

Zurich presented a new 2025–2027 three-year plan at its Investor Day, November 21, 2024. To reflect a growing confidence, and to seize opportunities in the market, the new three-year plan comprises the most ambitious targets in Zurich's history.

Over the past eight years, Zurich has distributed more than CHF 28 billion to its shareholders in cash dividends and share buybacks contributing to an industry-leading total shareholder return of 16 percent per year.[1] Delivery of the new plan targets is expected to support a continued superior shareholder return.

The 2025–2027 financial targets are supported by ambitious business targets:

Financial targets

(subject to Swiss Solvency Test (SST) ratio floor of 160%)

Core return on equity[2]	Cumulative cash remittances	Core earnings per share[3]
>23%	>USD 19bn	>9%

Business targets

Commercial

BOP to exceed USD 4.2 billion in 2027.

Middle market GWP to exceed USD 10 billion in 2027.

Retail

Return to long-term level of profitability.

Accelerate focus on customer loyalization.

Life

Grow protection GWP by CAGR of 8%.

Farmers

Continue the transformation enabling sustainable growth at Farmers Exchanges[4].

1 Annualized total shareholder return (TSR) in U.S. dollars from January 1, 2017, to December 31, 2024.
2 Business operating profit after tax (BOPAT) divided by average shareholders' equity excluding unrealized gains and losses.
3 Core earnings per share (EPS) based on business operating profit after tax (BOPAT). For reference, 2023 core EPS was USD 37.9, calculated as BOPAT of USD 5,540 million divided by weighted average number of shares (diluted) of 146.4 million. Core EPS CAGR 2025–2027 in U.S. dollars.
4 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.

Our strategy (continued)



The new 2025–2027 three-year plan is not a top-down financial plan. It is a business plan that unites the ideas of our business leaders across all regions and all business units.

The plan will build a Zurich that is fit for near-term performance and also stronger structurally and more competitive in the longer term. With this in mind, it comprises new business priorities that will raise the bar across the Commercial, Retail, Life and Farmers businesses. The priorities build on several years of successful execution and growth, leveraging Zurich's unique market position and capitalizing on its underwriting expertise to ensure it stays ahead of the market.

Priorities: Stepping up the ambition for all our businesses

	Commercial	Retail	Life	Farmers
In 2024	Leading commercial insurer, with a strong underwriting culture.	Customer focused, digitally enabled Retail insurance franchise.	Capital-light Life franchise, profits fueled by Protection business.	Unique exposure to Farmers[5] fee business.
Actions 2025–2027	Cement underwriting discipline and risk selection in existing lines. Intensify focus on underwriting and claims capabilities. Prioritize targeted growth (focused on middle market and specialties), while maintaining strong profitability.	Return to long-term profitability by: Achieving excellence in pricing and claims across geographies. Improving portfolio mix. Leveraging scale and technology assets. Enhance customer experience with new initiatives to earn loyalty and drive financial impact.	Manage and grow protection as 'one business' globally under a single umbrella. Improve technical excellence in underwriting and pricing. Enhance customer focus.	Continue business transformation that has returned Farmers[5] to profitability and improved capital position. Grow policies in force.
In 2027	**Expanded Commercial franchise with stable margins across the cycle.**	**Technically excellent Retail business across the footprint.**	**Growing Protection business, stepped-up underwriting capabilities.**	**Transformed Farmers[5] business delivering sustainable growth.**

The new targets build on three cycles of successful delivery:

Targets[1]	2017–2019	2020–2022	2023–2025	2025–2027
ROE[2,3]	BOPAT ROE >12%	BOPAT ROE >14%	BOPAT ROE >20%	Core ROE >23%
EPS CAGR	–	≥5%	8%	Core EPS[4] >9%
Cash remittances (cumulative)	>USD 9.5bn	>USD 11.5bn	>USD 13.5bn	>USD 19bn
Expense savings	USD 1.5bn	–	–	–
Solvency	Z-ECM 100%–120%	SST ≥160%	SST ≥160%	SST (floor) ≥160%
Status	Exceeded	Exceeded	On track to be exceeded	

1 Targets based on IFRS 17 for the 2023–2025 and 2025–2027 periods, and based on IFRS 4 for the previous periods.
2 Business operating profit after tax divided by average shareholders' equity adjusted for net unrealized gains/losses and cash flow hedges. Starting from full-year 2024, average shareholders' equity will be based on semi-annual data points (instead of quarterly).
3 Shareholders' equity used to determine ROE and Core ROE includes net unrealized gains/(losses) on financial assets, net change in discount rate for (re-)insurance contracts and net change in fair value of underlying items through OCI. Core ROE was previously referred to as BOPAT ROE.
4 Core earnings per share (EPS) in U.S. dollars based on business operating profit after tax (BOPAT). For reference, 2023 core EPS was USD 37.9, calculated as BOPAT of USD 5,540 million divided by weighted average number of shares (diluted) of 146.4 million.
5 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.

Our strategy (continued)

We are implementing our customer-focused strategy to benefit all our stakeholders, while transforming our business to drive long-term profitable growth.

Customers

Zurich's ambition is to be the insurer of choice by building meaningful relationships with customers and earning their loyalty.

Simplification

We are simplifying our business and operations, reducing unnecessary complexity to make better use of resources.

Innovation

We are evolving to continue to meet customers' expectations and needs.



Our open API Zurich eXchange platform has achieved 77 million transactions a month.

Our progress in 2024

We have significantly advanced our customer-focused transformation:

- Improved our customer retention rate with our customer-centricity program, now covering nearly 90 percent of retail and small to mid-sized businesses.
- Further enhanced customer insights, adopted consistent experience standards, and digitalized most touchpoints for customers to engage with us through preferred channels.
- Grew our customer base to more than 75 million, while further enhancing customer satisfaction.
- Broadened our service offering to commercial customers: Examples include Climate Spotlight launched through Zurich Resilience Solutions using climate data to help customers manage climate risks.
- Invested in U.S.-based Cowbell, a cyber insurance provider, underscoring our commitment to support businesses with state-of-the-art cyber protection.

We are reaching new customers through our expanded footprint:

- We acquired AIG's global personal travel and assistance business, positioning us as a leading global travel insurer under the Zurich Cover-More brand.
- Entered the Indian market by acquiring a 70-percent stake in Kotak Mahindra General Insurance achieving a strategic alliance with a leading Indian banking institution which remains an anchor shareholder.

Continued simplifying operations to improve business quality and efficiency, for example:

- Further streamlining our Life book, closing sale of an annuity book in Chile to Ohio National.
- Our 'build once, use many' approach scales modularized digital solutions including generative AI, data management, and pricing platforms across multiple markets.
- Scaling sophisticated solutions with Zurich Edge, our external open architecture platform, making open partnerships easier and faster.

We remain relevant and competitive through thought leadership and continuously evolving our business. Examples include:

- We held our fifth edition of the Zurich Innovation Championship.
- Zurich was named as one of the top 100 Corporate Startup Stars by Mind the Bridge and International Chamber of Commerce for the second year in a row, reflecting our focus on innovation and collaborations with startups.
- We have implemented digital platforms across the Group, and generative AI is already being leveraged at scale, with over 500 AI solutions in place and in development.
- In collaboration with Aon, we launched a pioneering clean energy insurance facility, offering global coverage to accelerate the development of clean hydrogen projects.
- Together with Marsh McLennan, we published a whitepaper addressing the need for public-private collaboration on cyber resilience.

Restored profitability at Farmers Insurance and repositioned its distribution for profitable growth.

To learn more about Farmers:
▶ Page 11

Our climate transition plan

Our net-zero transition



Climate change presents a dual imperative. Global emissions need to be reduced to avoid the most damaging impacts and simultaneously build greater resilience against the physical hazards which will continue to grow even as we transition.

In response, Zurich published its first climate transition plan in 2024. It outlines how we are carrying out the commitment, made in 2019, to become a net-zero business by 2050 across our insurance business, investments and operations.

The ambition goes further. We want to ensure insurance can remain affordable by enabling an economy-wide transition to net-zero emissions and at the same time, help to make society more resilient to the effects of climate change.

Our transition will be an ongoing, iterative process reflecting the changing context in the shift to net-zero and developments in our own business. As a result, our plan will evolve over time, and we will update it annually.

Defining net-zero emissions

At a global level, net-zero emissions refers to achieving an overall balance between greenhouse gas emissions produced and taken out of the atmosphere.[1] To limit the average rise in temperature to 1.5°C, we believe it is essential for the world to reach this goal by 2050. This will require deep, rapid and sustained emissions reductions.



Read the full plan:
▶ www.zurich.com/sustainability/strategy-and-governance/climate-transition-plan

See our sustainability report for more information:
▶ Page 125

Greener steel

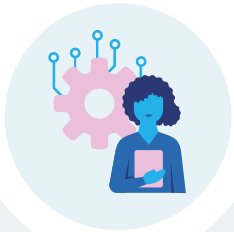
Zurich's impact investment portfolio holds several green bonds issued by a European bank, which is financing a low-carbon-emissions steel plant as part of a pool of green assets. The steel plant is owned by a company which aims to become one of the first industrial-scale, end-to-end green steel producers. It envisions output of about 2.5 million metric tons of steel a year, while reducing up to 95 percent of CO2 emissions compared with traditional steelmaking technology. It aims to produce steel using renewable energy, with, on average, half of its output to come from scrap.

1 Climate Council, 2023: What does net-zero emissions mean?

Our climate transition plan (continued)

A robust plan

Our plan is built on four mutually reinforcing aims



Enabling an economy-wide transition to net-zero

For more than 150 years, we have protected individuals and organizations against risk so they can invest in the future with confidence.

Today, this includes supporting our customers and investee companies to succeed in the transition to net-zero.

We believe a successful transition will support our business.



Making society more resilient

Climate hazards are likely to intensify for decades to come, even if the world reaches net-zero emissions by 2050.

So, we are using our expertise to help more companies, cities and communities better understand, prevent and reduce risks before they materialize, while also supporting them to build back better after loss and damage.



Advocating for supportive policies

Our net-zero ambition is dependent on the transition of the real-world economy and an effective public policy framework.

That's why we want to put our data, expertise and global network to use in shaping and advocating for policies that can help achieve a just, resilient and economically successful transition.



Evolving how we operate

We are continuing to decarbonize our own operations and supply chain.

We are investing in our people and fostering a culture of learning and knowledge-sharing so that our organization evolves with our ambition.

This enables our employees to engage with customers, suppliers and the companies we invest in on their transition journey.

Our stakeholders

Learn how we aim to anticipate and seek to exceed the expectations of our key stakeholders.



Our people

▶ Page 24

Going beyond



Our planet

▶ Page 22

Our investors

▶ Page 25





Our customers

▶ Page 23

Our planet

Making strides toward net-zero

In 2024 Zurich articulated how it plans to achieve net-zero emissions by 2050 in its first climate transition plan. We are determined to act now to achieve a successful transition that will benefit our customers, the companies we invest in and our business. Our plans to achieve net-zero are helping us to stay the course in our aim to create a better future for generations to come.



"We believe that prioritizing the transition to a net-zero economy is in the best long-term interests of our customers, those companies we invest in, and our own business."

Linda Freiner
Group Chief Sustainability Officer

USD 1.7bn
Sustainable revenues

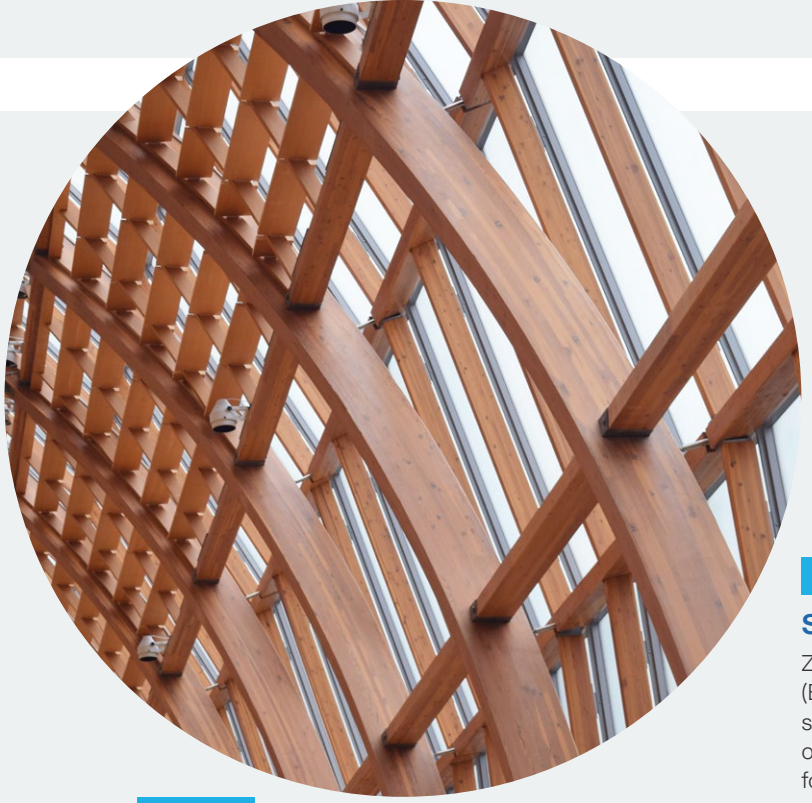
69%
Reduction in operational emissions[1]

USD 10.4bn
Climate solutions investments

51.9%
Procurement spend with suppliers that have set net-zero targets[2]

See our sustainability report for more information on our performance in this area:
▶ Page 137

1 Zurich Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, and smaller businesses like Real Garant and Orion, third-party vendors and recently acquired Zurich Kotak General Insurance and AIG's global personal travel insurance and assistance business are excluded as they were not reflected in the CO2e emissions baseline in 2019.
2 Refers to about USD 2 billion managed centrally by Zurich spent annually on goods and services to maintain and develop operations. According to the 2023 baseline of Zurich's managed procurement spend, it excludes suppliers no longer active in the reporting year. A supplier is considered to have net-zero targets when these are approved by the Science Based Targets initiative, another scientifically accredited body or, otherwise, has a public target to neutralize any residual 'scope 1 and 2' emissions.



Case study

Insuring the future of sustainable construction

Zurich North America is a leader in providing insurance and risk insights for building projects using mass timber – a sustainable construction material that can reduce use of steel and concrete in many structural applications. After assessing early industry testing, Zurich North America launched two pioneering builders risk insurance policies with up to USD 50 million in capacity for qualifying mass timber risks. This is helping customers and the construction industry to decarbonize.

Read the full story:
▶ www.zurich.com/media/magazine/2024/mass-timber-insuring-the-future-of-sustainable-construction

Case study

Supporting EV adoption

Zurich has provided insurance for electric vehicle (EV) owners in various forms for well over a century, starting when rates were still determined based on horse-drawn carriages. Today, we offer cover for modern EVs, as well as hybrid vehicles, and in a variety of different forms. Zurich supports both individuals and businesses that opt for EVs, helping to reduce environmental impact of mobility. We are also working with automobile manufacturers to bring our cover to their customers.

Read the full story:
▶ www.zurich.com/media/magazine/2024/ev-owners-and-insurers-adjust-to-a-silent-power-revolution



Our customers

A sound basis for growth

We are adding new strategic initiatives to improve customer experience and accelerate our digital capabilities, while earning customer loyalty, helped by our strong brand. With insights from data, we are providing a more personalized experience. We're seeing the results. Customers recognize the improvements, and are rewarding us with increased loyalty. Our net customer numbers have risen and our customers are also buying more products per customer, gaining product density.



"We are gaining a better understanding of our customers: their needs, wants, and how they want to connect with us, allowing Zurich to deliver a better, more personalized customer experience."

Conny Kalcher
Group Chief Customer Officer

>75 million
Total customers[1]

USD 10bn
Brand value as of 2024[2]

35%
Brand equity growth vs 2023[2]

10 million
Users engaging with Zurich on our apps and portals in 2024

See our sustainability report for more information on our performance in this area:
▶ Page 180

1 >75 million Retail customers, >1 million Commercial customers.
2 Source: Brand Finance, 2024

Case study

Using technology to help investigators combat claims fraud

Zurich uses a variety of different methods to counter claims fraud, including pairing sophisticated technology like artificial intelligence (AI) with human expertise. Several of our businesses have adopted an anti-fraud system developed by Zurich Customer Active Management, or 'ZCAM,' our wholly owned data analytics company within Zurich's Group Customer Office. Using technology allows human claims investigators to quickly spot discrepancies and unusual behavior that might signal claims fraud, and gives them more time to spend on individual cases. The real beneficiaries are our customers, who can benefit from fast and efficient claims processing. And, by catching more fraud, we also save costs. That benefits insurers, and honest claimants.

Read the full story:
▶ www.zurich.com/media/magazine/2024/how-technology-including-ai-gives-claims-investigators-an-edge



Along with the latest technology, Delpha DiGiacomo, Head of Fraud for Zurich North America, and her team of about 30 investigators also rely on human expertise to detect fraudulent claims.



Case study

Cyber protection in Malaysia

In August 2024, Zurich General Insurance Malaysia Berhad launched a cyber fraud insurance product with one of the country's first digital banks, GX Bank Berhad (GXBank). By offering Malaysians the type of protection needed in today's fast-changing digital landscape, we can provide a smoother, more positive customer experience, one that is both seamless and convenient for GXBank's customers. The new product, 'Cyber Fraud Protect,' is offered within a GXBank application and is powered by Zurich Edge, a digitally embedded insurance platform, to provide protection against cybercrime or electronic scam messages, unauthorized electronic transfers from any local bank account, e-wallet, credit or debit cards. The agreement followed one already launched in May 2024 with GXBank to collaborate in bancassurance.

Our stakeholders (continued)

Our people

Empowering our people for a sustainable future

We are committed to People Sustainability, actively supporting our people to successfully grow our business and deliver exceptional customer value, while navigating the challenges posed by demographic changes, digital transformation, and heightened regulation and compliance. Our approach is centered on two pillars:

– Enhancing our workforce's skills and employability for the longer-term through numerous global or market-led initiatives and on-the-job training, so our people stay abreast of new trends, technological advancements and changing expectations.

– Fostering a resilient, inclusive, and engaged organization. When our people have a work environment in which they thrive and can be at their best, they are able to support our customers in a way that differentiates us.



"Engaged people excite our customers and make our business thrive. Zurich's commitment to People Sustainability is a key enabler of our success."

Jolanda Grob
Group Chief People Officer

72.8%
Internal hiring rate[1]

32.1%
Females in senior management

>1.1m
Learning hours[2]

See our sustainability report for more information on our performance in this area:
▶ Page 191

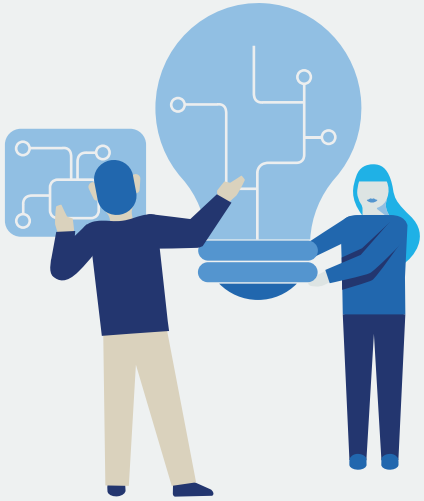
1 Internal hiring rate is the proportion of internal mobility in comparison to the aggregated sum of internal mobility and external hiring. It is calculated by dividing the total number of internal mobility (reflected by horizontal, vertical or international moves, re-hiring of former Zurich employees, or changing employment contract types from temporary to permanent contracts) by the aggregated total of internal mobility plus external hiring. Entry-level roles (career level A) are excluded from 'external hiring' as these positions are, by nature, filled by external career starters.
2 Hours tracked on our global learning platforms (i.e., physical, digital as well as mandatory and voluntary training sessions). Reporting on learning hours excludes Farmers Group, Inc., and its subsidiaries, Zurich Cover-More, Zurich Kotak General Insurance, and Orion.



Case study

Innovatively building future skills

Zurich Mexico's employees are benefiting from the 'SuperSkillZ' program, a new initiative launched in June 2024. SuperSkillZ equips employees with skills for the future through innovative learning formats, such as escape rooms, case study analysis and dynamic workshops. The program has encouraged a more proactive approach to self-directed learning across the business. In 2024, 60 percent of leaders and 43 percent of employees enrolled in SuperSkillZ, completing over 1,200 training hours. The program received a high Net Promoter Score of 88, reflecting its quality, relevance, and transformative power.



Case study

Aligning skills development with business strategy

Started in 2023 in Switzerland, Z.Lab offers a series of workshops aimed at aligning skills development with business strategy at the team level. Program participants reflect on their contribution to strategy implementation and what it takes to successfully deliver strategic priorities. They identify the new skills required and relevant technologies, such as the use of AI, at the team level and address individual skill gaps through learning by doing. The achievements are shared, so that what is learned, and skill building can be used across different teams in the organization. The success of Z.Lab and highly positive feedback from participants have led Zurich Austria and Zurich Santander to implement similar programs.

Our stakeholders (continued)

Our investors

Financial strength, conservative balance sheet

Zurich is a strong business with industry-leading financial strength, a conservatively managed balance sheet, delivering consistent financial performance. Its financial flexibility is underpinned by a strong solvency and the cash generative nature of our business. This leads to the generation of excess cash to deploy in highly accretive growth opportunities. Over the last eight years, Zurich has distributed more than CHF 28 billion to its shareholders in cash dividends and share buybacks contributing to an industry-leading total shareholder return of 16 percent per year.[1]



“Zurich has delivered exceptional financial performance across all dimensions. Our unwavering commitment to shareholder value creation, underpinned by effective capital allocation and positive momentum across our Group businesses, reinforces our confidence in the new financial plan.”

Claudia Cordioli
Group Chief Financial Officer

For more information about our shares:
▶ www.zurich.com/investor-relations/our-shares

For our calendar of events:
▶ www.zurich.com/media/calendar

To contact our investor relations team:
▶ www.zurich.com/investor-relations/investor-relations-contact

1 Annualized TSR in U.S. dollars from January 1, 2017, to December 31, 2024. Dividends related to financial year, not based on payment date. Buybacks based on announcement date, not execution date.
2 Proposed dividend, subject to approval by shareholders at the Annual General Meeting, expected payment date as from April 15, 2025. Gross dividend, subject to 35 percent Swiss withholding tax.
3 AM Best differentiates between the issuer credit rating and the less granular financial strength rating in their proprietary methodology.
4 Estimated Swiss Solvency Test (SST), calculated based on the Group’s internal model approved by the Swiss Financial Market Supervisory Authority (FINMA). The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.

Cash generative business model and dividend policy

Zurich has a highly cash-generative business model supporting an attractive dividend. The Group intends to maintain its current attractive dividend policy and proposes a target pay-out ratio of around 75 percent of sustainable net income attributable to shareholders (NIAS), subject to a minimum of the prior-year dividend per share, with dividend increases based on sustainable earnings growth.

Proposed gross dividend per share for 2024

CHF 28.00[2]

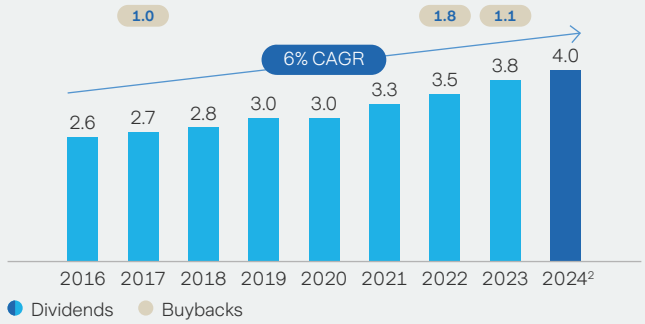
Share data (CHF) as of December 31

	2024	2023
Dividend per share	28.00[2]	26.00
Share price at end of period	538.80	439.60
Price period high	562.60	457.90
Price period low	429.90	400.00
Market capitalization CHF billions	78.86	64.34

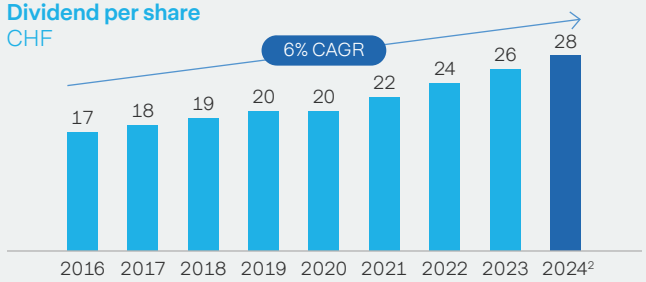
Financial strength

Zurich’s financial flexibility is underpinned by strong solvency and the cash-generative nature of its business. Zurich Insurance Company Ltd’s financial strength was rated AA/stable by S&P, Aa2/stable by Moody’s and A+(superior)/stable by AM Best as of December 31, 2024. AM Best’s Issuer Credit rating[3] is aa/stable. The Group’s Swiss Solvency Test (SST)[4] ratio was estimated at 252 percent as of December 31, 2024.

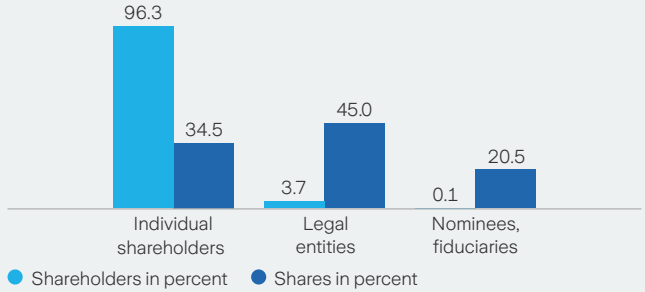
Dividends and buybacks
CHF billions



Dividend per share
CHF



Registered shareholders by type
Percent as of December 31, 2024



Z Zurich Foundation

Accelerating, amplifying impact

The Z Zurich Foundation (the 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 its global community investment strategy.

The Foundation traces its beginnings back to 1973 when it was set up to mark Zurich's 100-year anniversary. Today, it provides support to communities worldwide, including by drawing on Zurich's own expertise and experience. Guided by a commitment to make a real, lasting difference, it works in collaboration with Zurich and its employees, private and public organizations, governments and other key stakeholders, to deliver scalable, sustainable solutions.

Support provided in 2024[1]

>CHF 3 million

In matched donations and fundraising

>199,000

Volunteer hours

1 Zurich Insurance Group and employees contribute through fundraising, volunteering and cash contributions whereas the Foundation carries out community investment activities. The final and audited 2024 figures will be disclosed in the Foundation's Impact Report, which will be published in June 2025.

Responding to humanitarian crises

In 2024, the Foundation formalized its crisis response activities, professionalizing its overall approach. Over the year, the Foundation responded to more than 30 crises across the globe. Working efficiently can only be done by coordinating and collaborating with a variety of different actors, including humanitarian organizations and Zurich employees. Beyond immediate relief aid, the Foundation also seeks to address the 'invisible needs' of those affected. For instance, in Spain, Zurich's local team and the Foundation collaborated closely with local charities and humanitarian organizations to assist people affected by the massive flooding in Valencia with immediate relief efforts and by providing support for mental health and psychological trauma, especially for children from vulnerable backgrounds.





A strategic shift – Zurich Climate Resilience Alliance

Over 3 billion people live in areas highly vulnerable to climate change. After a decade of experience in building resilience to floods, in 2024, Zurich and the Z Zurich Foundation announced the creation of the Zurich Climate Resilience Alliance, to broaden and evolve the scope of the Zurich Flood Resilience Alliance launched in 2013. By expanding its focus to include other climate hazards, like heatwaves, wildfires, and severe storms, alongside like-minded organizations, the Zurich Climate Resilience Alliance aims to positively impact 5.5 million climate-vulnerable people by 2027.

Find out more:
▶ www.zcralliance.org/about-us

> **"The scale of the societal needs commands us to be very humble: we won't solve these issues alone. We can only do it working together."**

Gregory Renand
Head of the Z Zurich Foundation



Z Zurich Foundation (continued)

To support its strategy, the Z Zurich Foundation focuses its efforts on four societal challenges, aiming to help create brighter futures for vulnerable people.

Enabling social equity

Responding to crisis

Improving mental well-being

Adapting to climate change



Supporting young people's mental health

In 2024, the Foundation worked with 35 youth mental wellbeing programs in 33 countries. It also renewed a global collaboration with UNICEF, 'Thriving Together,' aiming to support at least 11 million people in 15 countries by 2027. The Foundation will continue to amplify impact through the UNICEF-led Global Coalition of Youth Mental Health, alongside leading global private organizations.



"Business leaders need a purpose beyond financial results. We must create value for all of society's stakeholders."

Yilmaz Yildiz
CEO of Zurich Turkey and member of the Z Zurich Foundation's Board of Trustees, who was recognized as one of 12 UN Sustainable Development Goals Pioneers at the 2024 New York Climate Week

Addressing education, job opportunities

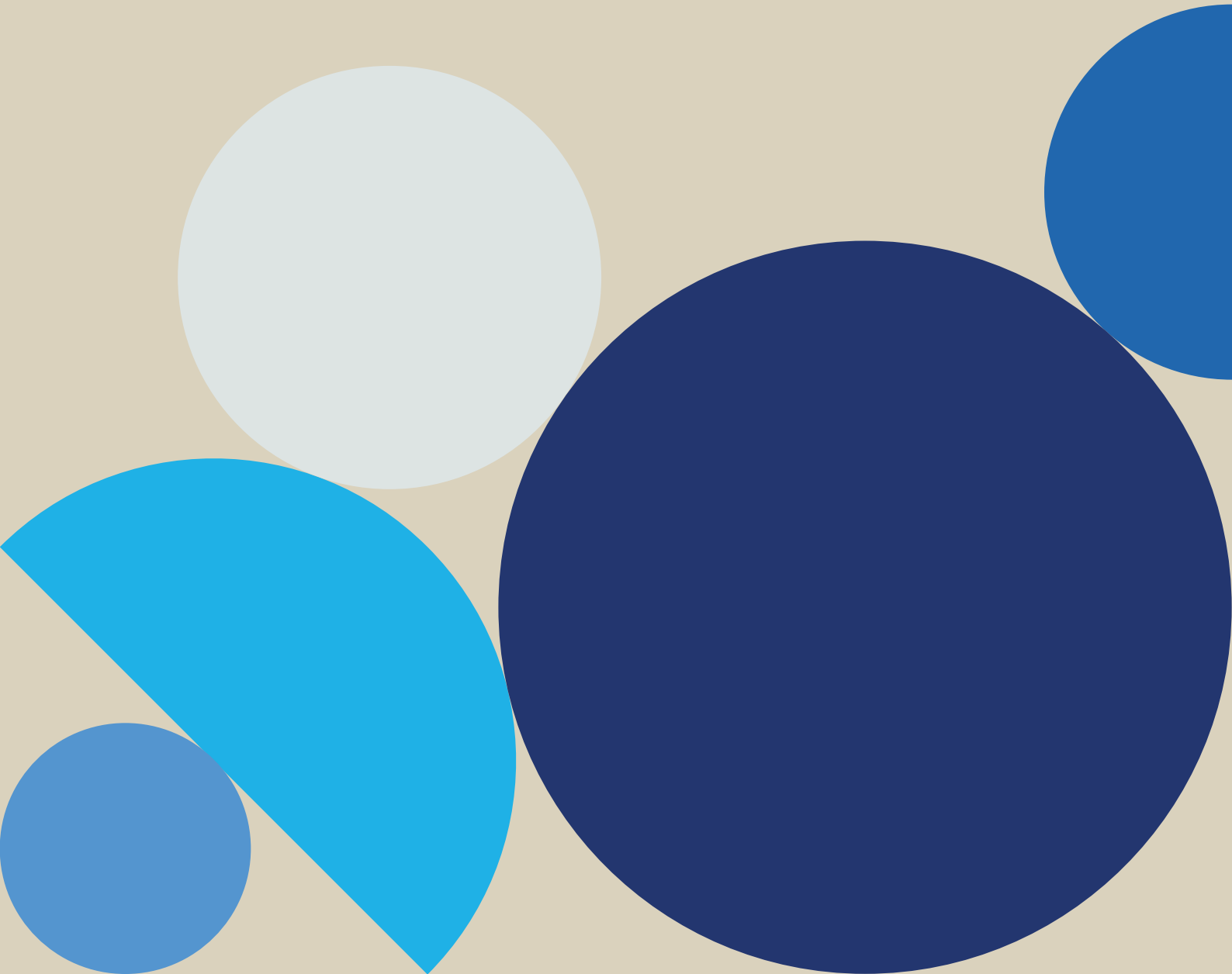
In 2024, through its ongoing collaboration with Forge Foundation, Zurich and Zurich Santander – a joint venture between Zurich and Banco Santander – the Foundation leveraged its program in Latin America providing young people with access to quality education and sustainable jobs. This phase of the program introduces elements to help expand the impact, such as a consortium of private sector participants who will aim, over the next three years, to have a positive impact on over 1.2 million people in eight countries. The initial cooperation with Forge has already helped to provide opportunities for more than 130,000 young people.



Governance

32 Corporate governance report
77 Remuneration report

Effective governance allows us to stay ahead of change, while remaining true to our core business values.



Message from our Chairman on corporate governance

Building *resilience* to create opportunities



> **Our risk management expertise, sound corporate governance frameworks and good decision-making will ensure that Zurich remains a trusted brand and a beacon of stability."**

Michel M. Liès
Chairman of the Board of Directors

Dear Shareholder

On July 19, 2024, many individuals and businesses woke up to a global digital outage that caused chaos everywhere, from office desks to airport check-ins.

Thankfully, the outage was not the result of a cyberattack. It was triggered by an automatic software update deployed by a cybersecurity company. But the incident served as a reminder – and revealed critical lessons – of the importance of cyber resilience and robust crisis preparedness procedures and business continuity plans.

The cyber threat landscape – along with accompanying legal and regulatory requirements – continues to evolve and become more complex. This is why we continue to invest in the latest security technologies and practices to protect our digital infrastructure and safeguard the sensitive data entrusted to us by our customers across the Group. Our commitment to cyber resilience goes beyond prevention; it includes rapid response and recovery strategies to mitigate the impact of any potential incident. As a Board, we are also undertaking further cybersecurity training in 2025 to ensure that we fully understand new threats and required mitigating actions, as well as being able to manage the residual risk.

Resilience creates opportunities

Taking these measures to build cyber resilience and investing in foundational technologies, such as cloud, data and application programming interface platforms, opens myriad opportunities. As I stated in last year's message, artificial intelligence (AI) and generative AI offer transformative possibilities, from enhancing customer experiences to driving operational efficiencies and providing insights that drive better decision-making.

These technologies are already revolutionizing the insurance industry. We already have more than 200 AI use cases deployed across our business. They enable us to analyze vast amounts of data with exceptional speed and precision, and to gain deeper insights into customer needs and preferences. This empowers us to offer more personalized and proactive solutions, streamline claims processing, improve overall service delivery and even create new business opportunities.

However, we can only leverage these opportunities by implementing robust cybersecurity measures. As we navigate this dynamic digital landscape, we have a dual imperative of balancing innovation with security.

Climate change presents another dual imperative. Global emissions need to be reduced to avoid the most damaging impacts, while simultaneously building greater resilience against growing natural hazards.

The insurance industry can play a pivotal role. We are already taking actions as highlighted in Zurich's Climate Transition Plan that we published in September 2024 (see pages 19 to 20 and 125 to 128 for more details).

Stability within a volatile geopolitical landscape

The world remains a volatile place with an increasingly precarious geopolitical environment. Last year, we witnessed a plethora of elections covering half of the world's population. These elections may not have been disrupted by large-scale AI-powered disinformation as we may have feared, but the impact of these new governments, new leaders and new policies will play out during 2025 and beyond. The votes that people made during 2024 will shape the world's response to the social, economic and environmental challenges that we all face. This decade of uncertainty sees no end in sight.

To ensure that the Board continues to have the skills necessary to navigate our business through these turbulent times, succession planning is a key consideration. This is why, following a thorough selection process, the Board proposes to shareholders that they elect Thomas Jordan as a new Board member. Thomas will contribute to the Board's skill set with his strong background in macroeconomics, financial markets, financial regulation and risk management.

Meanwhile, after 12 years on the Board, Monica Mächler will not stand for reelection at the AGM 2025. On behalf of the Board and the Zurich management team, I would like to thank Monica for her dedication to the role. Throughout her mandate, Monica has been a valued Board member with her substantial legal, regulatory and governance expertise. She has also shaped Board discussions with her membership of the Governance, Nominations and Sustainability Committee and the Audit Committee.

I know that our customers look to us to protect and guide them through periods of volatility. I am confident that our risk management expertise, sound corporate governance frameworks and good decision-making will ensure that Zurich remains a trusted brand and a beacon of stability.

Thank you for your continued trust and support.



Michel M. Liès
Chairman of the Board of Directors

Board changes

At the AGM on April 10, 2024, John Rafter was elected as a new Board member. After 12 years on the Board, Dame Alison Carnwath did not stand for reelection at the AGM 2024.

Monica Mächler, after serving 12 years on the Board, will not stand for reelection at the next AGM on April 9, 2025. The Board proposes to shareholders the reelection of all other current members, and the election of Thomas Jordan as a new Board member.

Executive Committee changes

Cara Morton, former CEO of Cover-More Group, became CEO Zurich Global Ventures as of February 1, 2024. She succeeded Jack Howell, who decided to leave Zurich.

Claudia Cordioli, former group finance director at Swiss Re, became Group Chief Financial Officer as of March 1, 2024. She succeeded George Quinn, who decided to leave Zurich.

Corporate governance report

Contents

Group governance	33
Capital structure	35
Shareholders	37
Board of Directors	40
Executive Committee	56
Governance and control functions	68
External auditor	71
Information policy	73

Group governance

Our commitment to effective corporate governance

The Zurich Insurance Group, consisting of Zurich Insurance Group Ltd (ZIG) and its subsidiaries (the Group or Zurich), is committed to effective corporate governance for the benefit of its shareholders, customers, employees and other stakeholders based on the principles of fairness, transparency and accountability. Structures, rules and processes are designed to enable proper conduct of business by defining the powers and responsibilities of its corporate bodies and employees. Our structures provide for checks and balances and institutional separation between the Board and the Group Chief Executive Officer (Group CEO) as well as the Executive Committee (ExCo), which together are responsible for managing the Group on a day-to-day basis.

Zurich's corporate governance principles are described in a number of corporate documents, in particular in ZIG's articles of association (Articles of Association) and ZIG's organizational rules (Organizational Rules) (www.zurich.com/about-us/corporate-governance/corporate-documents). Zurich also complies with the Swiss Code of Best Practice for Corporate Governance (Swiss Code of Best Practice) issued by economiesuisse. The Board's Governance, Nominations and Sustainability Committee (GNSC) regularly reviews the Group's corporate governance against best practice standards.

Effective corporate governance is complemented by a remuneration system that fosters the right behaviors. Information on remuneration and shareholdings of and loans to Board and ExCo members and remuneration governance is contained in the remuneration report (see pages 74 to 113).

Information on sustainability governance is contained in the sustainability report (see pages 134 to 136).

Supervision

Zurich is subject to insurance group supervision by the Swiss Financial Market Supervisory Authority FINMA (FINMA). Swiss insurance regulation requires Swiss insurance companies and groups to establish and maintain strong governance and risk management systems, as well as effective internal control systems appropriate to their business activities. It prescribes the calculation of a risk-based solvency margin on a Group-wide basis and at legal entity level pursuant to the Swiss Solvency Test (SST). Among others, all material intra-group transactions must be reported to FINMA. In addition to the group supervision exercised by FINMA and its insurance supervision of the legal entities Zurich Insurance Company Ltd, Zurich Life Insurance Company Ltd, Zurich Reinsurance Company Ltd and Orion Legal Expenses Insurance Ltd., the insurance and other financial services subsidiaries of the Group are subject to the respective local financial market regulations.

Operational Group structure

Zurich Insurance Group Ltd, the Group's listed holding company, is a corporation organized under Swiss law with registered offices at c/o Zurich Insurance Company Ltd, Mythenquai 2, 8002 Zurich. Zurich's business is focused on providing best-in-class property and casualty and life insurance products and services to individuals, small businesses, mid-sized and large companies.

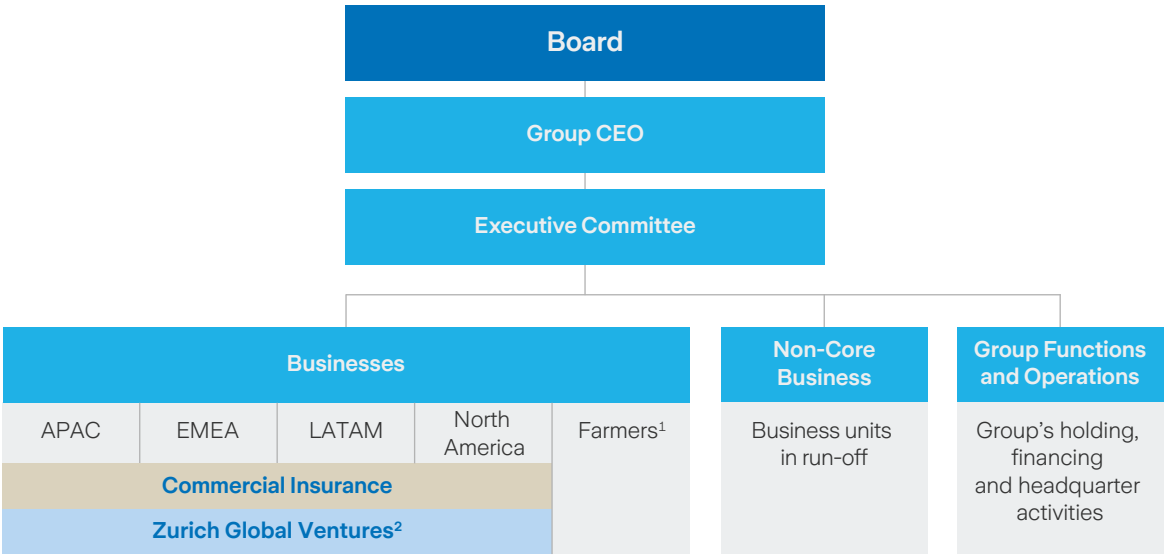
The operational structure reflects the businesses operated by the Group and how these are strategically run to offer different products and services to specific customer groups. The Group is managed by regions, and in addition, Commercial Insurance, Zurich Global Ventures and Farmers in the U.S.:

- Through regions (APAC, EMEA, LATAM and North America), the Group provides a variety of property and casualty and life products to retail and commercial customers as well as reinsurance propositions. Each region is headed by a regional CEO.
- Commercial Insurance brings together the corporate and commercial insurance expertise worldwide under a single umbrella. It is organized as a global business and headed by the CEO Commercial Insurance.
- Zurich Global Ventures operates global platforms in travel and life, develops specialty retail lines globally (e.g., employee benefits), delivers global services to drive customer value and engagement (e.g., health and wellbeing, cyber, device protection), and pursues growth in new opportunity areas for Zurich (e.g., embedded insurance). Zurich Global Ventures comprises Zurich Cover-More (including the recently acquired AIG global personal travel insurance business), Zurich Integrated Benefits and International Life (ZIBIL), and 'Venture Portfolio & Growth', which are embedded in the regions. 'Venture Portfolio & Growth' combines, under one umbrella, service-led propositions and new ventures, focused on cyber, wellbeing, device protection and digital partners, and includes, among others, Zurich LiveWell. Zurich Global Ventures is headed by the CEO Zurich Global Ventures.
- Farmers Group, Inc., a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims services and ancillary services to the Farmers Exchanges in the U.S. as their attorney-in-fact and receive fees for their services. Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. is headed by the CEO of Farmers Group, Inc.

The Group's activities further comprise the non-core business including certain business units in run-off that are under the responsibility of the Group Chief Financial Officer (Group CFO) and the CEO North America. Group Functions and Operations comprise the Group's holding, financing and headquarter activities and include, among others, the Group Chief Information and Digital Officer, Group Chief Risk Officer (Group CRO) and the Group CFO.

On the investment side, Investment Management manages the Group's own assets and the assets of policyholders and is headed by the Group Chief Investment Officer (Group CIO).

Operational Group structure
as of December 31, 2024



1 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims services and ancillary services to the Farmers Exchanges in the U.S. as their attorney-in-fact and receive fees for their services.
2 Certain units of Zurich Global Ventures are reported under Group Functions and Operations. Zurich Cover-More, ZIBIL's businesses and Zurich LiveWell are embedded in the regions.

More information on:

Group's business activities	Group overview section starting on page 2 and on our website (www.zurich.com/about-us)
Detailed review of the 2024 business results	Financial review starting on page 255
Group's reportable segments	Pages 384 to 385
Group's significant subsidiaries	Pages 399 to 400
Executive Committee	Pages 56 to 67

Capital structure

Share capital and shares

The shares of Zurich Insurance Group Ltd (ZIG) are listed on the SIX Swiss Exchange (ISIN: CH0011075394, symbol: ZURN). Certain Group companies have listed debt issued under their Euro Medium-Term Note Programme and other financial instruments.

As of December 31, 2024, ZIG's ordinary share capital amounted to CHF 14,635,575.40 divided into 146,355,754 fully paid-in registered shares with a nominal value of CHF 0.10 each. The market capitalization as of December 31, 2024, was CHF 78,856,480,255.

ZIG has an American Depositary Receipt (ADR) level 1 program with The Bank of New York Mellon (BNYM).[1] As of December 31, 2024, investors held 49,506,480 ADRs (representing 2,475,324 ZIG shares).

Please refer to page 357 for information about treasury shares. Further information on ZIG's shares can also be found under: www.zurich.com/investor-relations/our-shares.

Capital band and contingent share capital

On April 6, 2023, ZIG's Annual General Meeting (AGM) approved a capital band to replace the authorized share capital. Until and including April 6, 2028, the Board is authorized under the capital band to conduct one or more increases and/or reductions of the share capital within the upper limit of CHF 18,917,751.50, corresponding to 189,177,515 registered shares with a nominal value of CHF 0.10 each, and the lower limit of CHF 13,541,415.00, corresponding to 135,414,150 registered shares with a nominal value of CHF 0.10 each (art. 5bis of the Articles of Association). The upper limit of the capital band corresponds to about 129.3 percent and the lower limit of the capital band corresponds to about 92.5 percent of the total registered shares issued as of December 31, 2024. Share issuances from the capital band where the shareholders' subscription rights are restricted or excluded are limited to 14,600,000 shares (i.e., about 10 percent of the total registered shares issued as of December 31, 2024).

Furthermore, the share capital of ZIG may be increased by an amount not exceeding CHF 2,992,160 by issuing up to 29,921,600 fully paid-in registered shares with a nominal value of CHF 0.10 each by the voluntary or mandatory exercise of conversion and/or option rights, which are granted in connection with the issuance of loans, bonds, similar debt instruments, equity-linked instruments or other financial market instruments (collectively, the 'financial instruments') by ZIG or one of its group companies, or by mandatory conversion of financial instruments issued by ZIG or one of its group companies, that allow for contingent mandatory conversion into shares of ZIG, or by exercising option rights which are granted to the shareholders (art. 5ter para. 1 of the Articles of Association). This contingent share capital corresponds to about 20.4 percent of the total registered shares issued as of December 31, 2024.

Until and including April 6, 2028, the total number of new shares which could be issued from (i) the capital band under art. 5bis para. 5 of the Articles of Association where the subscription rights are restricted or excluded, and (ii) the contingent share capital in connection with financial instruments under art. 5ter para. 1 of the Articles of Association where the advance subscription rights are restricted or excluded is limited to 14,600,000 shares (i.e., about 10 percent of the total registered shares issued as of December 31, 2024).

Moreover, there is an additional contingent share capital (art. 5ter para. 2 of the Articles of Association) of CHF 409,509.20, representing 4,095,092 fully paid-in registered shares with a nominal value of CHF 0.10 each, which may be issued to Group employees. This contingent share capital corresponds to about 2.8 percent of the total registered shares issued as of December 31, 2024.

For further information, see art. 5bis and 5ter of the Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association) and the consolidated financial statements, note 18 on pages 355 to 357.

1 Under this program, BNYM issues the American Depositary Shares (ADSs). Each ADS represents the right to receive one-twentieth of one ZIG share. ZIG's ADSs are traded over the counter (OTC) and are evidenced by American Depositary Receipts (ADRs). Since July 1, 2010, ZIG's ADRs have been traded on 'OTCQX', an electronic platform operated by OTC Markets Group Inc. under the symbol ZURVY. ADS holders are not treated as ZIG shareholders and are not able to directly enforce or exercise shareholder rights. Only BNYM as depositary of the level 1 program may exercise voting rights with respect to instructions received from beneficial owners of ADRs.

Changes in share capital

Changes in the ordinary share capital over the last three years

	Share capital in CHF	Number of shares	Nominal value in CHF
As of December 31, 2021	15,046,016.70	150,460,167	0.10
Newly issued shares from contingent share capital	–	–	–
As of December 31, 2022	15,046,016.70	150,460,167	0.10
Newly issued shares from contingent share capital	–	–	–
Capital reduction under the capital band	(410,441.30)	(4,104,413)	0.10
As of December 31, 2023	14,635,575.40	146,355,754	0.10
Newly issued shares from contingent share capital	–	–	–
As of December 31, 2024	**14,635,575.40**	**146,355,754**	**0.10**

Participation certificates, non-voting equity securities and preference shares

ZIG has not issued any participation certificates, non-voting equity securities or preference shares.

Convertible bonds and options

As of December 31, 2024, ZIG had no public convertibles or options outstanding. For information on employee share plans, see the consolidated financial statements, note 20 on page 367.

Cross-shareholdings

As of December 31, 2024, ZIG had no cross-shareholdings in excess of 5 percent of share capital or voting rights with any other company.

Limitations on transferability and nominee registrations

There are no limitations on transferability of ZIG shares. Shareholders are registered in ZIG's share register with voting rights if they confirm that they have acquired the shares in their own name and for their own account (see art. 7 para. 2 of the Articles of Association, www.zurich.com/investor-relations/our-shares/articles-of-association).

Nominees are registered in ZIG's share register with voting rights up to a maximum of 3 percent of ZIG's share capital, without having to disclose beneficial owners. For shareholdings exceeding this threshold, nominees are registered with voting rights if they agree to (i) use best efforts so that beneficial owners register themselves in the share register; (ii) disclose to ZIG upon request within five business days the name, address, nationality and shareholdings of each beneficial owner for whom they hold 0.5 percent or more shares; and (iii) inform beneficial owners about ZIG's corporate actions, to consult them on exercising voting rights and subscription rights, if applicable, to effect dividend transfer, to act in the beneficial owners' interests and according to their instructions, and to take any other actions as may be required. Nominees who are linked to each other or who act in concert to circumvent the registration restrictions are treated as one nominee.

There are special provisions relating to the registration and exercise of rights attached to shares held by BNYM in connection with the ADR program.

Close periods

Under Zurich's Group Policy on Dealing in Securities (Policy), persons qualifying as Group insiders are prohibited from dealing in Zurich securities during periods Zurich has designated as 'close periods'. Close periods are those periods (of a minimum of 30 days) leading up to and including the trading day of the announcement of the Group's quarterly, half-year and annual results. In practice, close periods last approximately 40 days with a longer time span over year-end.

In addition, dealing restrictions during prohibited periods apply to Group insiders who are involved in (potentially) price-sensitive projects. Outside of close and prohibited periods, Group insiders may deal in Zurich securities with prior clearance from Group Compliance.

Persons in scope

Senior executives (e.g., ExCo members, head of certain Group functions) and Board members of ZIG and of certain significant Group subsidiaries are deemed Group insiders by reason of their positions.

Additional persons can be designated as Group insiders based on the persons' exposure to (potentially) price-sensitive information regarding Zurich securities. Zurich keeps a list of these individuals.

Furthermore, Group insiders must take reasonable steps to facilitate compliance by their connected persons (e.g., spouse, life or civil partner, minor child, financial adviser, affiliated company) with the Policy, including communicating the dates of the close periods.

Shareholders

Securities in scope

Zurich securities are securities of ZIG or of its subsidiaries worldwide. The term 'securities' includes:

- Securities admitted to trading (or for which a request for admission to trading has been made) or which are traded on a stock exchange, a regulated market, a multilateral trading facility, an organized trading facility or over-the-counter market, in and outside Switzerland.
- Securities traded on the primary (e.g., initial public offering) market or over-the-counter on the secondary market.
- Over-the-counter (OTC) financial instruments (e.g., derivatives).
- Financial instruments deriving from securities whose price is materially dependent (i.e., Zurich securities weigh more than 20 percent) on the underlying security, including debt instruments or derivatives.

Exceptions

During a close or prohibited period, clearance to sell Zurich securities can be granted to the Group insider if the Group insider is not in possession of inside information about Zurich and there is an exceptional circumstance (such as a personal or family emergency involving a health matter or legal or financial emergency) in which selling Zurich securities is the only reasonably available course of action for the Group insider. The determination whether circumstances are deemed exceptional is made by the Group Chief Compliance Officer and the Chairman of the ZIG Board. In 2024, no such exceptions were granted.

Furthermore, provided the Policy's requirements are met, periodic investments based on a pre-defined trading plan do not require clearance and may continue during close and prohibited periods. As of December 31, 2024, no pre-defined trading plans were in place.

Significant shareholders

According to the rules on disclosure of significant shareholdings in Swiss listed companies, a shareholding has to be disclosed if certain thresholds starting at 3 percent are reached, exceeded or if the shareholding subsequently falls below those thresholds. ZIG is obliged to announce third-party shareholdings upon receipt of a notification that the shareholding has reached, exceeded or fallen below the relevant thresholds. During 2024, ZIG received notification from UBS Fund Management (Switzerland) AG, Basel, whose shareholding exceeded the 5 percent threshold.

As of December 31, 2024, ZIG was not aware of any person or institution, other than BlackRock, Inc., New York (>5 percent), The Capital Group Companies, Inc., Los Angeles (> 3 percent) and UBS Fund Management (Switzerland) AG, Basel (> 5 percent), which, directly or indirectly, had an interest as a beneficial owner in ZIG shares or option rights and/or conversion rights relating to ZIG shares reaching or exceeding the relevant thresholds.

The announcements related to the notifications can be found via the SIX Disclosure Office's platform: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

ZIG is not aware of any person or institution which, as of December 31, 2024, directly or indirectly, alone or with others, exercised or was a party to any arrangements to exercise control over ZIG.

Duty to make an offer

The Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association) do not provide for opting-out or opting-up in the meaning of the Swiss Financial Market Infrastructure Act. Therefore, mandatory offers have to be submitted when a shareholder or a group of shareholders acting in concert exceeds 33 1/3 percent ownership of ZIG's issued and outstanding share capital.

Clauses on changes of control

The employment agreements with ExCo members are subject to a maximum notice period of 12 months. The regulations for the Group's share-based long-term incentive plan, which apply to all of the plan's participants, including ExCo members and a defined group of senior managers, provide that in case of a change of control, the plan administrator may, at its discretion, either roll over existing share obligations into new share rights or provide for consideration in lieu of share obligations, or provide for accelerated vesting and removal of sales restrictions.

There are no further clauses pertaining to change of control that would benefit Board members, ExCo members, or other members of senior management.

Shareholder structure

Number of shares held

as of December 31, 2024	Number of registered shareholders	% of registered share capital
1–500	135,025	17.6
501–1,000	4,882	5.0
1,001–10,000	3,910	13.6
10,001–100,000	409	16.8
100,001+	69	47.0
Total registered shares[1]	**144,295**	**100.0**

1 of registered shareholders.

Registered shareholders by type

as of December 31, 2024	Registered shareholders in %	Registered shares in %[1]
Individual shareholders	96.2	34.5
Legal entities	3.7	45.0
Nominees, fiduciaries	0.1	20.5
Total	**100.0**	**100.0**

1 of registered shareholders.

Registered shareholders by geography

as of December 31, 2024	Registered shareholders in %	Registered shares in %[1]
Switzerland	92.9	68.4
UK	0.4	9.7
North America	0.5	11.4
Asia	0.2	0.5
Latin America	0.1	0.1
Rest of the world	5.9	9.9

1 of registered shareholders.

Shareholders' rights

Overview

Pursuant to art. 14 of the Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association), each share whose owner or usufructuary is entered in ZIG's share register as shareholder with voting rights entitles its holder to one vote at shareholders' meetings and to exercise all other shareholder rights in respect of that share. All shares (excl. treasury shares) have equal entitlements to dividend payments. The Board will propose to the shareholders at the AGM on April 9, 2025, a gross dividend of CHF 28 per share (excl. treasury shares).

Voting rights restrictions and representation

ZIG does not have any voting rights restrictions in place. Shareholders are entitled to exercise their voting rights for shares for which they have been registered in the share register. There are limitations regarding nominee registrations as set out on page 36.

Shareholders with voting rights can attend shareholders' meetings in person or may be represented by their legal representative or, by means of a written authorization, by another person who need not be a shareholder. Shareholders may also appoint the independent voting representative to represent them. Shareholders can order their admission card or authorize a representative either in writing or via the online platform of Computershare Switzerland Ltd.

The AGM elects the independent voting representative for a term of office until conclusion of the next AGM. The independent voting representative may be reelected.

ZIG generally informs the shareholders at the beginning of the shareholders' meeting of the aggregate number of shares represented by shareholders or their representatives physically attending the meeting and the number of shares represented by the independent voting representative.

Statutory quora

Pursuant to art. 15 of the Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association), a shareholders' meeting constitutes a quorum irrespective of the number of shareholders present and shares represented. Resolutions and elections generally require the approval of an absolute majority of the votes represented, unless respective provisions in the Articles of Association (of which there are none) or mandatory legal provisions stipulate otherwise. Art. 704 of the Swiss Code of Obligations provides for a two-thirds majority of votes represented and a majority of the nominal value of shares represented for certain important matters, such as e.g., a change of the company's purpose or domicile and the dissolution of the company.

Convening of shareholders' meetings

Shareholders' meetings are convened by the Board or, if necessary, by the external auditor and other bodies in accordance with the provisions set out in art. 699 and 700 of the Swiss Code of Obligations. Shareholders with voting rights representing at least 5 percent of the share capital or votes in ZIG may call a shareholders' meeting, indicating the items to be discussed and the corresponding proposals. The invitation to shareholders is published in the Swiss Official Gazette of Commerce at least 20 calendar days before the meeting. In addition, the invitation is published on our website (www.zurich.com/agm) and may be sent by email or unregistered mail to registered shareholders.

The Board may convene shareholders' meetings as in-person, hybrid or virtual meetings. In the case of hybrid or virtual meetings, the Board must ensure that the shareholders can exercise their rights by electronic means (art. 11 para. 4 of the Articles of Association, www.zurich.com/investor-relations/our-shares/articles-of-association).

Agenda

The Board is responsible for setting the shareholders' meeting agenda. Shareholders with voting rights who together represent shares with a nominal value of at least CHF 10,000 may at the latest 45 days before the day of the meeting request in writing that:

- items be included on the agenda, at the same time stating the proposals; or
- proposals concerning agenda items are included in the notice convening the shareholders' meeting.

Registration in the share register

To ensure an orderly process, the Board determines the date on which a shareholder must be registered in the share register to attend the shareholders' meeting. This date is published, together with the invitation to the shareholders' meeting, in the Swiss Official Gazette of Commerce.

Board of Directors

A diverse and independent Board.

Our Board is well positioned to support management in its efforts to deliver on our strategic priorities. In addition, it is committed to addressing the needs of all stakeholders and has a strong focus on sustainability and corporate responsibility.



Michel M. Liès

Chairman

Nationality
Luxembourg

Committee membership
Governance, Nominations and Sustainability Committee (Chair), Remuneration Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 46



Christoph Franz

Vice-Chairman

Nationality
Swiss and German

Committee membership
Remuneration Committee (Chair), Governance, Nominations and Sustainability Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 46



Joan Amble

Member of the Board of Directors

Nationality
U.S.

Committee membership
Governance, Nominations and Sustainability Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 46



Catherine Bessant

Member of the Board of Directors

Nationality
U.S.

Committee membership
Audit Committee (Chair), Remuneration Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 47



Michael Halbherr
Member of the Board of Directors

Nationality
Swiss

Committee membership
Governance, Nominations and Sustainability Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 47



Peter Maurer
Member of the Board of Directors

Nationality
Swiss

Committee membership
Governance, Nominations and Sustainability Committee, Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 48



Sabine Keller-Busse
Member of the Board of Directors

Nationality
Swiss and German

Committee membership
Remuneration Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 47



John Rafter
Member of the Board of Directors

Nationality
Irish

Committee membership
Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 49



Monica Mächler
Member of the Board of Directors

Nationality
Swiss

Committee membership
Governance, Nominations and Sustainability Committee, Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 48



Jasmin Staiblin
Member of the Board of Directors

Nationality
Swiss and German

Committee membership
Risk and Investment Committee (Chair), Remuneration Committee, Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 49



Kishore Mahbubani
Member of the Board of Directors

Nationality
Singapore

Committee membership
Remuneration Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 48



Barry Stowe
Member of the Board of Directors

Nationality
U.S.

Committee membership
Audit Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

Read more:
▶ Page 49

Board of Directors

The Board decides ultimately on the Group's strategy and sets the Group's values and standards. It holds the final decision-making authority for Zurich Insurance Group Ltd (ZIG), except for decisions on matters reserved for the shareholders. The Board is chaired by the Chairman, or in his absence, by the Vice-Chairman. The Vice-Chairman and the Board's secretary are appointed by the Board.

Board of Directors and its committees

as of December 31, 2024



1 Chair of Board and Board committee, respectively.
2 To facilitate an ongoing exchange of information between the Risk and Investment Committee and the Audit Committee, the Audit Committee Chair is a member of the Risk and Investment Committee and at least one member of the Risk and Investment Committee is a member of the Audit Committee. The Chairman of the Board regularly participates in both the Audit Committee and Risk and Investment Committee meetings as a guest.

Size and elections

The Articles of Association require that the Board shall consist of at least seven but not more than thirteen members (art. 21, www.zurich.com/investor-relations/our-shares/articles-of-association). Shareholders elect the Chairman and the other Board members individually at the AGM for a term of office ending with the conclusion of the next AGM. According to the Organizational Rules (art. 2.2, www.zurich.com/about-us/corporate-governance/corporate-documents), no Board member may serve for more than 12 consecutive terms, although the Board may extend this limit in exceptional circumstances.

Board members are elected by an absolute majority of the votes represented (art. 17 of the Articles of Association). The Board constitutes itself, except for the Chairman and the Remuneration Committee members, who are elected individually by the shareholders at the AGM for a term of office ending with the conclusion of the next AGM.

All ZIG Board members are also members of Zurich Insurance Company Ltd (ZIC) Board of Directors. Mr. Liès also serves as Chairman of ZIC's Board of Directors. None of the Board members have further memberships in a subsidiary board of the Group.

Independence

Zurich considers the independence of its Board members essential for good corporate governance. Zurich's independence criteria comply with applicable laws and reflect best-practice standards such as the SIX Exchange Regulation Directive on Information relating to Corporate Governance and the Swiss Code of Best Practice. The GNSC reviews Board members' independence status annually and reports its findings to the Board for final determination. The GNSC checks the independence criteria before recommending a Board candidate for election and, thereafter, for reelection on an annual basis. Board members are not deemed independent, if they (or if an immediate family member of a Board member), during the tenure as Board member, but at least within the past three years:

- Receive or have received, directly or indirectly, any consulting, advisory or other compensatory fees from the Group other than in their capacity as Board or committee members;
- Own or have owned more than 10 percent of the shares of ZIG;
- Are or have been employed or affiliated with the external auditors;
- Have or have had a material direct or indirect relationship with any member of the Group; or
- Are or have been an employee of the Group (or in case of immediate family members, are an executive officer of the Group).

Upon the recommendation of the GNSC, the Board determined that, as of February 19, 2025, all Board members were non-executive and independent. For further information on the independence policy, see section VII (B) (3) of the Annex I (Committees Charter) to the Organizational Rules (www.zurich.com/about-us/corporate-governance/corporate-documents). Board members are also subject to rules and regulations to avoid conflicts of interest and misuse of insider information.

Succession planning

It is a key consideration for the Board to ensure that it continues to act as a strategic asset enabling anticipation of risks and opportunities as well as providing oversight and control particularly by preserving and enhancing the Board's range of perspectives and experiences.

To achieve this, the Chairman, supported by the GNSC, on a yearly basis leads a structured succession planning process involving an assessment of the Group's challenges and opportunities and the evaluation of skills, knowledge and expertise needed at present and in the foreseeable future. During succession planning discussions, the Board focuses on skills, expertise, range of experience and background, interplay of a candidate's individual personality, expertise and experience with that of incumbent Board members, high values and integrity and ability to commit adequate time (for further information, see section VII of the Annex I (Committees Charter) to the Organizational Rules under www.zurich.com/about-us/corporate-governance/corporate-documents).

In 2024, the GNSC had regular discussions on Board succession as some Board members approach the end of their tenure in coming years. In addition, the Board and Committee composition and desired skills were discussed in detail.

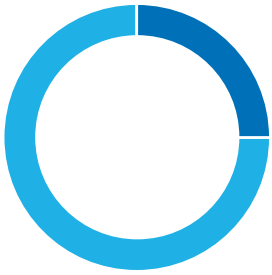
Composition

Diversity is a key factor for success in today's fast-changing global environment. Our Board consists of individuals with diverse geographic, cultural and educational backgrounds and experience, mirroring our international footprint and bringing local cultural perspective as well as regional networks. The backgrounds as shown below are measured based on key areas of the Board members' expertise and include insurance, banking and non-financial industries, CEO experience, risk management, sustainability, IT, data, digital and cyber security, legal, regulatory and governance, macroeconomics, finance, accounting and audit, as well as people and culture. In addition, each Board member avails of a wide range of management experience in a variety of areas adding up to a well-balanced and diverse skill set of ZIG's Board.

As of December 31, 2024, our Board:

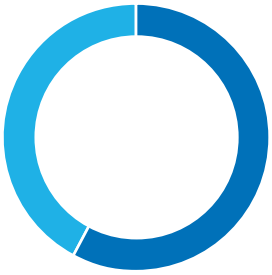
- Is 42 percent female.
- Represents an age range from 54 to 76 years.
- Comprises members of six different nationalities.
- Has an average length of tenure of 6.7 years.

Length of tenure
%, as of December 31, 2024



Less than 5 years	25
Between 5 and 12 years	75

Gender
%, as of December 31, 2024



Male	58
Female	42

Background, experience, skills and knowledge
%, as of December 31, 2024



Board members are allocated to one or more nationality, sectors and/or specialization areas based on their individual profile.

Nationality[1]
%, as of December 31, 2024



Germany	20
Ireland	7
Luxembourg	7
Singapore	7
Switzerland	40
U.S.	20

1 Percentages may not total 100 due to rounding.

Changes to the Board in 2024

At the AGM on April 10, 2024, John Rafter was elected as a new Board member. After 12 years on the Board, Dame Alison Carnwath did not stand for reelection at the AGM 2024. The biography of Dame Alison Carnwath can be found on page 49 of the 2023 Annual Report (www.zurich.com/investor-relations/results-and-reports).

Limits on mandates

Art. 33 para. 1 of the Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association) sets forth the following, generally applicable, maximum limits for Board members:

Additional mandates for listed and non-listed companies (maximum in total)	8 maximum
Maximum of mandates for listed companies (included in total maximum)	3 maximum

Exempted from this general limit are the following categories of mandates (art. 33 para. 2 of the Articles of Association):

Mandates for ZIG and its Group companies	No limit
Mandates exercised on behalf of ZIG or a Group company in legal entities not affiliated with the Group	5 maximum
Mandates in associations, professional or trade organizations, foundations, pension foundations, educational institutions and similar organizations	5 maximum
Mandates in structures managing the personal or family's assets of Board members and/or their related persons	5 maximum

Mandate means any membership in the board of directors, the executive committee or the advisory board (*Beirat*), or any comparable function under foreign law, in a company with an economic purpose. Mandates in different legal entities of the same group (including asset management structures in accordance with art. 33 para. 2 lit. d of the Articles of Association) and mandates in legal entities closely associated with the group (such as pension funds and joint ventures) are deemed one mandate. The maximum limits set forth in the Articles of Association do not discharge the Board members from their duties to act with due care and protect Group interests. Additional mandates may be assumed only where, upon assuming such mandates, time and resources remain available to perform the office held in the Group.

The disclosure of mandates under art. 734e of the Swiss Code of Obligations for the Board can be found on page 106 of the remuneration report. The Board CVs on the following pages take into account the rules set forth in the SIX Exchange Regulation Directive on Information relating to Corporate Governance and may include other engagements not disclosed in the remuneration report.

Biographies

Michel M. Liès
Chairman

Born: 1954

Skills and experience
Michel M. Liès has 40 years' experience in global insurance and reinsurance, life insurance, and property and casualty insurance. He has held a number of positions in the industry, including Group CEO of Swiss Re. He began his career at the reinsurer in 1978, working first in the life market in Latin America before moving to Europe in 1983, where he held a number of senior positions within Swiss Re's life businesses. In 1994, he moved into Swiss Re's non-life sector, with responsibility for southern Europe and Latin America. From 1998 he served as Swiss Re's head of Latin America division until 2000, when he was appointed head of the Europe division of its Property & Casualty business group. In 2005, he became Swiss Re's head Client Markets with responsibility for client relationships worldwide, and was appointed a member of the reinsurer's group executive committee. From 2011 to 2012, Mr. Liès served as Swiss Re's chairman of Global Partnerships, which works with governments, international development bodies and non-governmental organizations (NGOs) to mitigate and address global risks and increase resilience. He was appointed Swiss Re's Group CEO in February 2012 and served in that role until his retirement from Swiss Re in 2016. He became Chairman of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2018.

Committee membership
Governance, Nominations and Sustainability Committee (Chair), Remuneration Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Mr. Liès is chairman of the foundation board of Avenir Suisse, steering committee chair of the Insurance Development Forum, and chairman of the European Financial Services Round Table. He is also a member of the executive committee (vice-chairman for insurance) of the board of the Institute of International Finance (IIF), and a member of the board of trustees of The Swiss Institute of International Studies and the Lucerne Festival. Mr. Liès is member of the Bretton Woods Committee.

Educational background
Mr. Liès holds a master's degree in mathematics from the Swiss Federal Institute of Technology in Zurich (ETH). In 1991, he completed the Stanford Executive Program at Stanford University in the U.S. He completed the Senior Executive Program at Harvard University in 1996.

Christoph Franz
Vice-Chairman

Born: 1960

Skills and experience
Christoph Franz started his professional career in 1990 at Deutsche Lufthansa AG. From 1994 until 2003, he held different executive functions at Deutsche Bahn AG, including as member of the executive board and CEO of the passenger transport division. In 2004, he became CEO of Swiss International Air Lines Ltd, and in 2009 he was promoted to the role of deputy chairman of the executive board of Deutsche Lufthansa AG and CEO Passenger Airlines. From 2011 to 2014, Mr. Franz was chairman of the executive board and CEO of Deutsche Lufthansa AG and from 2014 to 2023 chairman of Roche Holding Ltd. He became a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2014. He was elected Vice-Chairman in April 2018.

Committee membership
Remuneration Committee (Chair), Governance, Nominations and Sustainability Committee

Other directorships within the Group
Zurich Insurance Company Ltd, Konzern-Vorsorgestiftung der Zürich Versicherungs-Gruppe

External appointments
Mr. Franz is a member of the board of Chugai Pharmaceutical Ltd., of Stadler Rail Ltd and vice-chairman and lead independent director of Artemis Holding AG. Mr. Franz serves as a member of the board of trustees of Ernst Goehner Foundation, of the Swiss Study Foundation and of the Lucerne Festival and is a member of the advisory board of the University of St.Gallen (HSG). He was named as an honorary professor of business administration at the University of St.Gallen in May 2017. In September 2017, the International Committee of the Red Cross (ICRC) appointed Mr. Franz as a member of its Assembly, the organization's top governing body, and in May 2018 he was elected to the Assembly Council. He is an advisory board member/industrial partner of Rantum Equity Participation GmbH & Co. KG and member of the senate of the Helmholtz Association of German Research Centres.

Educational background
Mr. Franz studied industrial engineering at the Technical University Darmstadt (Germany) and completed his studies with a Ph.D. (Dr. rer. pol.) at the same university. He also studied at the Ecole Centrale de Lyon (France) and conducted post-doctorate research at the University of California, Berkeley.

Joan Amble
Member of the Board of Directors

Born: 1953

Skills and experience
Joan Amble has substantial financial industry experience. She started her professional career as an accountant with Ernst & Ernst (currently Ernst & Young) in 1977. From 1984 to 1989, she served at the Financial Accounting Standards Board (FASB), specializing in pensions, derivatives and other financial instruments. She then spent 14 years with the General Electric Company (GE) in various leadership roles, including CFO GE Real Estate, COO and CFO GE Capital Markets, and as vice president and chief accounting officer GE Financial Services. From 2004 to May 2011, Ms. Amble served as executive vice president and principal accounting officer and, until the end of 2011, as executive vice president, finance, of the American Express Company. In December 2011, Ms. Amble completed a four-year term as a member of the Financial Accounting Standards Advisory Council (FASAC) and in December 2020 she completed the second of two three-year terms as a member of the Standing Advisory Group (SAG) for the Public Company Accounting Oversight Board (PCAOB). From 2006 to 2008, she was a member of the board and chaired the audit committee of XM Satellite Radio and, following the merger of XM Satellite Radio with Sirius Satellite Radio, she was from 2008 to 2021 a member of the board of Sirius XM Satellite Radio and chaired the audit committee. From 2016 to 2022, Ms. Amble served as an independent adviser to the control and risk committee of the executive committee of the U.S. affiliate of Société Générale S.A., a French multinational banking and financial services company. Ms. Amble was from 2021 until May 2023 a board member, audit committee chair and member of the nomination and governance committee at BuzzFeed, Inc. and served as an adviser to them until December 2023. She has been a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd since April 2015.

Committee membership
Governance, Nominations and Sustainability Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Ms. Amble is a member of the board and the audit committee at Booz Allen Hamilton Holding Corporation and Spire Global, Inc. She is also involved in supporting women in business, including as chair emeritus and co-founder of W.O.M.E.N. in America Inc., and through her various speaking engagements. Ms. Amble also participates in director and other forums and speaks on corporate governance, culture, risk management and audit committee topics/best practices.

Educational background
Ms. Amble received a Bachelor of Science in accounting from The Pennsylvania State University, and later became a certified public accountant (currently inactive).

Biographies (continued)

Catherine Bessant
Member of the Board of Directors

Born: 1960

Skills and experience
Since 2024, Ms. Bessant has served as chief executive officer of U.S. philanthropic organization Foundation For The Carolinas, based in Charlotte, North Carolina. For four decades, Ms. Bessant worked at Bank of America, joining in 1982 as a corporate banker. She held numerous senior leadership positions within the company: president of Global Product Solutions and Global Treasury Services; chief marketing officer; president of Consumer Real Estate and Community Development Banking; national Small Business Segment executive; market president of Bank of America, Florida; and president of Global Corporate Banking. Ms. Bessant served as chief operations and technology officer from 2010 until September 2021, leading Bank of America's Global Technology and Operations. In this role, she was responsible for end-to-end technology and operating services, including business continuity and information security efforts across the company, and oversaw nearly 95,000 employees and contractors in more than 35 countries. From October 2021 until December 2023, Ms. Bessant was vice chair, Global Strategy at Bank of America and a member of the Bank of America's executive management team. In this role she was responsible for working with Bank of America's European boards and focused on the bank's global integrated strategy, governance, and client and regulator engagement. In recognition of her multi-sector leadership, Ms. Bessant was inducted into the Most Powerful Women in Banking Hall of Fame by American Banker in 2020 after ranking as the No. 1 of the '25 Most Powerful Woman in Banking' for three consecutive years. In addition, she served 16 years on the board of Florida Blue, formerly Blue Cross and Blue Shield of Florida, including serving as lead independent director. She became a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in March 2017.

Committee membership
Audit Committee (Chair), Remuneration Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Ms. Bessant serves as chair of the USA Field Hockey board and serves on the advisory board of the Ross School of Business at the University of Michigan.

Educational background
Ms. Bessant holds a Bachelor of Business Administration from the University of Michigan Ross School of Business.

Michael Halbherr
Member of the Board of Directors

Born: 1964

Skills and experience
Michael Halbherr has extensive experience in the technology industry and has worked as an adviser, early-stage investor, board member and executive in young, aspiring companies in areas including digital mapping, operating system software, telecommunications, electrification and industrial products. Since 2023, he has been CEO of ABB E-mobility, which was spun off from ABB in 2023 and focuses on the development of charging systems with higher power for electric vehicles. From 2021 until 2024, he was a member of the board of Vontobel Holding AG in Zurich. He was chairman of Trafi Ltd. in Vilnius from 2016 until 2022 and of FATMAP Ltd. in Berlin from 2015 until 2022, which was subsequently sold to Strava, Inc., and of Nanoleq AG in Zurich from 2021 until 2024, which was subsequently sold to Myant Corp. Prior to that he held leadership positions in Nokia Corporation from 2006 to 2014, including from 2011 to 2014 as a member of Nokia's leadership team and CEO of HERE BV, a fully owned Nokia company and leading company in vehicle location technology. From 2001 to 2006, he served as CEO of gate5, a Berlin-based mobile phone software startup, which Nokia acquired in 2006. From 2000 to 2001, he was a managing director at Europeatweb, a venture arm of Groupe Arnault. Prior to that he was a manager at the Boston Consulting Group (BCG) from 1994 to 2000, in the company's Zurich and Boston offices, where he was an active member of BCG's technology practice. He began his career at the Laboratory for Computer Science at Massachusetts Institute of Technology (MIT), where he worked as a visiting scientist and post-doctoral researcher from 1992 to 1994, working on programming paradigms for massively parallel computers. He joined the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2019.

Committee membership
Governance, Nominations and Sustainability Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Mr. Halbherr is a non-executive director and chairman of German Bionic Systems GmbH in Augsburg.

Educational background
Mr. Halbherr holds a Ph.D. in electrical engineering from the Swiss Federal Institute of Technology (ETH) in Zurich.

Sabine Keller-Busse
Member of the Board of Directors

Born: 1965

Skills and experience
Sabine Keller-Busse has extensive financial industry experience. She is president Personal & Corporate Banking, president UBS Switzerland and president of the executive board of UBS Switzerland AG. Ms. Keller-Busse became a member of the group executive board at UBS in 2016. Since joining UBS in 2010, she has served as group chief operating officer, president Europe, Middle East and Africa, group head of human resources and chief operating officer UBS Switzerland. Prior to joining UBS, she led Credit Suisse's private clients region Zurich division from 2008 to 2010. From 1995 to 2008, she worked for McKinsey & Co., where she became a partner in 2002, focusing on the financial services industry. From 2012 to 2021, Ms. Keller-Busse was a member of the board of SIX Group. She joined the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2021.

Committee membership
Remuneration Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Ms. Keller-Busse chairs the foundation board of the UBS Pension Fund. She is also a member of the foundation boards of the USZ Foundation of the University Hospital Zurich, the Swiss Entrepreneurs Foundation, the UBS Foundation of Economics in Society at the University of Zurich, the HSG Foundation and the Deep Tech Nation Switzerland Foundation. She is a member of the board and board committee of the Zurich Chamber of Commerce.

Educational background
Ms. Keller-Busse studied business administration at the University of St.Gallen (HSG) and completed her studies with a Ph.D. in economic sciences (Dr. oec.) at the same university.

Biographies (continued)

Monica Mächler
Member of the Board of Directors

Born: 1956

Skills and experience
Monica Mächler has substantial legal, regulatory and governance expertise in a national and international context. She served as vice-chair of the board of the integrated Swiss Financial Market Supervisory Authority (FINMA) from 2009 to 2012, after having been the director of the Swiss Federal Office of Private Insurance from 2007 to 2008. From 2010 to 2012, Ms. Mächler chaired the Technical Committee of the International Association of Insurance Supervisors (IAIS). She assumed the roles of Group General Counsel and Head of the Board Secretariat of Zurich Insurance Group from 1999 to 2006 and was appointed a member of the Group Management Board in 2001 after joining in 1990. During the years 1985 to 1990, she was in private practice specializing in banking and business law. Ms. Mächler has been a member of several Swiss federal expert commissions on regulatory projects and regularly speaks, lectures and publishes on matters related to international business law and regulation, and their impact. From May 2012 until May 2018, she was a member of the supervisory board of Deutsche Börse AG. She has been a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd since April 2013.

Committee membership
Governance, Nominations and Sustainability Committee, Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Ms. Mächler has been a member of the board of Cembra Money Bank AG since April 2015. She also chairs the advisory board of the International Center for Insurance Regulation at the Goethe University Frankfurt am Main, and serves on the boards of the Stiftung für schweizerische Rechtspflege, the Europa Institut at the University of Zurich and the Institute for International Criminal Investigations (IICI), a public benefit corporation in California, as well as of the Institute for International Criminal Investigations Foundation (IICIF), a Dutch charitable foundation based in The Hague.

Educational background
Ms. Mächler earned her J.D. at the University of Zurich's Law School and complemented her studies by attending programs on UK, U.S. and private international law. She is admitted to the bar of the Canton of Zurich.

Kishore Mahbubani
Member of the Board of Directors

Born: 1948

Skills and experience
Kishore Mahbubani began his career in 1971 as a diplomat with the Singapore Foreign Service where he served until 2004 with postings in Cambodia, Malaysia, Washington D.C. and New York. He served two postings as Singapore's ambassador to the United Nations and as president of the UN Security Council in January 2001 and May 2002. Mr. Mahbubani was permanent secretary of the Singapore Foreign Ministry from 1993 to 1998. He served as founding dean at the Lee Kuan Yew School of Public Policy of the National University of Singapore (NUS) from 2004 until the end of 2017. In July 2019, he became a Distinguished Fellow at the Asia Research Institute (ARI) of NUS. He has spoken and published extensively on geopolitical and economic issues. In 2013, the Financial Times chose one of his books, 'The Great Convergence: Asia, the West and the Logic of One World,' as one of the best books of the year on economics. His latest book, 'Living the Asian Century,' was released in August 2024. He has been a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd since April 2015.

Committee membership
Remuneration Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
In February 2021, Mr. Mahbubani was appointed chairman of the NUS Medical International Council and in October 2021, Jabil Inc. appointed Mr. Mahbubani as their adviser. In February 2022, he was appointed an adviser to TvF Capital and in September 2017, he was appointed non-executive chairman of the board of Aggregate Asset Management. Since January 2016, he has been an independent director of the board of Wilmar International Limited, Singapore. In addition, he has served on boards and councils of several institutions in Singapore, Europe and North America, and is currently a member of Yale's President's Council on International Activities (PCIA). He was named a member of the American Academy of Arts and Sciences in April 2019.

Educational background
Mr. Mahbubani graduated with a first-class honors degree in philosophy from the University of Singapore and an M.A. in philosophy from Dalhousie University, Canada, where he was also awarded an honorary doctorate.

Peter Maurer
Member of the Board of Directors

Born: 1956

Skills and experience
Peter Maurer has profound knowledge of global megatrends, international relations and current social challenges. His expertise includes work in areas of global governance and innovative financial instruments. He possesses an exceptional global network and, as a member of the Leadership Council of the World Economic Forum (WEF), he is also well connected to the business world. Mr. Maurer served as President of the International Committee of the Red Cross (ICRC) from 2012 to 2022. Prior to that, he served as Secretary of State for Foreign Affairs in Switzerland from 2010 to 2012 and held the role of Ambassador and Permanent Representative of Switzerland to the United Nations from 2004 to 2010. He began his career in the Swiss diplomatic service in 1986, with various positions in Switzerland, South Africa and the U.S. Mr. Maurer was elected as member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2022 and assumed the roles in October 2022.

Committee membership
Governance, Nominations and Sustainability Committee, Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Mr. Maurer is an ambassador for GSG Impact and a member of the WEF Leadership Council. He is a member of the advisory council at the International Institute for Strategic Studies in London. In addition, Mr. Maurer is also president of the Basel Institute on Governance, a member of the board of trustees of the elea Foundation for Ethics in Globalization and of the Vontobel-Stiftung. He is president of the Centre of Competence on Humanitarian Negotiation (CCHN), Geneva and member of the global advisory panel of Stars – for Leaders of the Next Generation.

Educational background
Mr. Maurer has a doctorate in history and international law from the University of Bern, Switzerland.

Biographies (continued)

John Rafter
Member of the Board of Directors

Born: 1963

Skills and experience
John Rafter has substantial financial and insurance industry experience. He began his career at Goldman Sachs Group, Inc. in 1987 and worked there in various roles until 2023 in both Europe and the U.S. He was named managing director in 1997 and partner in 2000. In these roles, his main responsibility was providing advice to financial institutions on mergers and acquisitions and capital markets transactions. Much of his work was focused on advising on transactions in the insurance sector in various regions around the world, but he also advised both banks and asset management companies. At Goldman Sachs, he served in leadership roles in the financial institutions group in the investment banking division and was a member of the group-wide commitments committee for many years. In addition, he was a board member of Rothesay Life Group, a UK regulated insurance group, from 2010 to 2013. Before retiring from Goldman Sachs in 2023, he resigned from his partner role in 2020 and served as a senior adviser within the investment banking division from 2020 to 2023. He became a member of the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2024.

Committee membership
Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
None

Educational background
Mr. Rafter has a master's of business administration from Stanford University, California and a bachelor of commerce and a diploma in professional accounting from University College Dublin, Ireland.

Jasmin Staiblin
Member of the Board of Directors

Born: 1970

Skills and experience
Jasmin Staiblin brings to her role extensive knowledge of how business sectors transform and the growing importance of digitalization and sustainability as a competitive differentiator. She is recognized as one of Europe's top experts in the field of energy and served as CEO of Alpiq, a leading Swiss energy services provider and electricity producer in Europe, until 2018. She began her career in 1997 at the ABB Group, the Swedish-Swiss global technology company. She served in various global functions as a member of the management team for ABB's power technologies division. She held the positions of CEO of ABB Switzerland from 2006 to 2012 and CEO of Alpiq Holding Ltd from 2013 to 2018. From 2011 to 2023 she was a board member of Georg Fischer Ltd. She joined the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2019.

Committee membership
Risk and Investment Committee (Chair), Remuneration Committee, Audit Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Ms. Staiblin is a board member of NXP Semiconductors N.V., Eindhoven. She also chairs the board of Rolls-Royce Power Systems AG and its subsidiary Rolls-Royce Solutions GmbH, both in Friedrichshafen and fully controlled by Rolls-Royce plc.

Educational background
Ms. Staiblin studied physics and electrical engineering at the Karlsruhe Institute of Technology, Germany and the Royal Institute of Technology in Stockholm, Sweden. She completed her studies with a degree in physics and has a Master of Science in electrical engineering.

Barry Stowe
Member of the Board of Directors

Born: 1957

Skills and experience
Barry Stowe has extensive business experience and knowledge gained through executive roles in the insurance industry in North America and Asia. Between 2006 and 2018, he was a member of the board and the group executive committee of Prudential plc. From 2015 to 2018, he served as chairman and CEO of Jackson Holdings Ltd, a subsidiary of Prudential plc, and from 2006 to 2015, as CEO of Prudential Corporation Asia. From 1995 to 2006, he held senior executive positions at American International Group (AIG), including serving as president of AIG Life Companies Accident & Health Worldwide based in Hong Kong from 2001 to 2006. From 1992 to 1995, he served as president of NISUS, a subsidiary of Pan-American Life Insurance Group. From 1980 to 1992, he held several positions at Willis Corroon Group plc in the U.S., an insurance and reinsurance brokerage services company. He joined the boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in April 2019.

Committee membership
Audit Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Mr. Stowe serves as senior adviser to McKinsey & Company, and is co-chair of the Retirement Income Institute in Washington, D.C., member of the board of trustees and chair of the governance committee of Cheekwood Estate & Gardens in Nashville, Tennessee, and a member of the Tennessee Business Leadership Council.

Educational background
Mr. Stowe has a Bachelor of Arts in politics and classical studies from Lipscomb University in Nashville, Tennessee.

Self-assessment

To regularly discuss and strengthen the Board's effectiveness, at least annually, the Board reviews, based on an assessment conducted by the GNSC, the Board and committee performance. The review focuses on the Board's composition, availability and engagement at the meetings; co-operation and culture; processes, particularly agenda setting and meeting conduct; the Board's interaction with the Group's senior management and the Board's collective or individual training needs. The review seeks to determine whether the Board and its committees function effectively and efficiently. Every third year, an external assessment of the effectiveness of the Board is performed. The next external assessment will take place in 2025.

In its 2024 self-assessment, the Board focused in particular on the adequacy of its composition, culture and the prioritization of topics for discussion at Board meetings and training needs. The Board members discussed the results and defined actions where necessary. The Board decided, among others, to have a refresher training on cyber security.

Meetings

During 2024, the Board held 11 meetings (of which five were partly attended by tele-/videoconference and seven were held over two days). One meeting was fully dedicated to the discussion of strategy. Eight meetings lasted four or more hours during the course of a day and three meetings lasted less than three hours on average.

In 2024, average attendance at Board meetings was 94.7 percent. In the fulfillment of their duties, the Board members spent additional time participating in committee meetings and preparing for meetings. Committee meetings lasted more than an hour and forty minutes on average.

During 2024, Board meetings were in part held virtually. In addition, several informal exchanges between Board members and between Board members and senior management were facilitated.

as of December 31, 2024	Board of Directors	Governance, Nominations and Sustainability Committee	Remuneration Committee	Audit Committee	Risk and Investment Committee
Minimum no. of meetings required	6	2	2	4	4
No. of meetings held	11	4	4	7	7
No. of members	12	6	6	6[1]	6
Meeting attendance, in %	94.7	95.83	100	92.38	97.62

Meeting attendance individualized

Joan Amble	11/11	4/4	–	–	7/7
Catherine Bessant	10/11	–	4/4	6/7	7/7
Dame Alison Carnwath[2]	0/2[3]	–	–	0/1[3]	–
Christoph Franz	10/11	4/4	4/4	–	–
Michael Halbherr	11/11	4/4	–	–	6/7
Sabine Keller-Busse	10/11	–	4/4	–	–
Michel M. Liès	11/11	4/4	4/4	–	–
Monica Mächler	11/11	4/4	–	7/7	–
Kishore Mahbubani	10/11	–	4/4	–	7/7
Peter Maurer	10/11	3/4	–	5/6[4]	–
John Rafter[5]	9/9	–	–	6/6[6]	–
Jasmin Staiblin	11/11	–	4/4	7/7	7/7
Barry Stowe	11/11	–	–	7/7	7/7

1 Until April 10, 2024, the Audit Committee had five members.
2 After 12 years on the Board, Dame Alison Carnwath did not stand for reelection at the AGM on April 10, 2024.
3 Left Board and committee on April 10, 2024.
4 Joined committee on April 10, 2024.
5 Elected at the AGM on April 10, 2024.
6 Joined committee on April 10, 2024.

Training

The Chairman ensures that new Board members are provided with an onboarding program and existing Board members receive appropriate ongoing training. For this purpose, the Board issued onboarding and training guidelines to underscore the importance of this topic.

Following their appointment, new Board members will be provided with an in-depth and tailor-made onboarding program that generally consists of:

- The Group's strategy, business operating model and its financial and non-financial targets.
- The Group's legal and management structure, corporate governance setup and processes, the Zurich Code of Conduct and relevant legal and regulatory frameworks.
- The Group's risk management framework and relevant compliance requirements and processes.
- Training and introduction into specific topics based on regulatory requirements (e.g., regulatory capital models).
- Applicable Board processes, meeting schedules and other administrative matters.

As part of the onboarding program, meetings will be scheduled with the Chairman, the chair(s) of the committee(s) on which the new Board member will be serving, the Group CEO, selected senior management members as well as the Board's secretary.

Furthermore, the Board's training needs are evaluated as part of the annual Board self-assessment or based on regulatory requirements and regularly reassessed throughout the year. In 2024, the Board or individual Board members received training on topics such as artificial intelligence, the current macroeconomic and geopolitical dynamics, capital management, Swiss Solvency Test, Commercial Insurance, Group risk profile analysis and Own Risk and Solvency Assessment (ORSA) process and scenario analysis and corporate governance.

Role of the Board

The Board is responsible for the ultimate management of ZIG and the Group as a whole, as well as for the supervision of management. In particular, it has responsibility for the following areas:

- *Strategy:* The Board approves the Group strategic plan and the overall Group strategic and financial targets upon the recommendation of the Group CEO and receives reports from the Group CEO on the implementation of and progress towards the Group strategy.
- *Sustainability:* The Board approves the Group's sustainability strategy and objectives, including non-financial targets with a material impact on ZIG or the Group. For more information on our sustainability governance, see the sustainability report on pages 134 to 136.
- *Finance:* The Board approves the Group financial plan for each financial year and applicable accounting standards, control framework and significant changes thereto. Above certain thresholds, the Board approves major financing transactions and arrangements. It approves ZIG's dividend policy and its dividend proposal (if any) to the shareholders' meeting. Within its authority, the Board also takes resolutions on share capital increases and/or reductions.
- *Reporting:* The Board approves the Annual Report, the Group's half-year financial reporting, the Group's updates for the first three and nine months of the year, as well as the Group's financial condition report.
- *Organization of the Group:* The Board establishes the organization and the overall governance of ZIG and the Group. In this respect, the Board also approves the Group's remuneration structure. Further, as part of its duty to convene the shareholders' meeting, it approves and submits proposals to the shareholders' meeting.
- *Business development:* Above certain thresholds, the Board approves entering new businesses, exiting an existing business, M&A transactions, internal reorganizations and certain investments.
- *Corporate culture:* The Board approves and regularly reviews the Zurich Code of Conduct, which summarizes the Group's ethical standards and values.
- *Risk management:* The Board approves the Group's Key Risk Management Principles, including the Group's risk appetite and tolerance. It also oversees the Enterprise Risk Management Framework, which addresses the identification and management of risks (including IT and cyber risk). Additionally, the Board approves the internal control strategy and scope, the Group Recovery Plan as well as the Group's ORSA report.

Additional information can be found in art. 2.1 to 2.4 of the Organizational Rules (www.zurich.com/about-us/corporate-governance/corporate-documents).

Activities and focus topics in 2024 included:

- Delivery on strategic priorities for the cycle 2023–2025, including developments in all regions.
- Review of Group financial plan and financial targets.
- Zurich's sustainability performance and performance management.
- Review of Zurich's climate transition plan.
- Macroeconomic and geopolitical developments in 2024 and implications for the Group.
- Status and digital transformation of technology and operations.
- Annual cyber security update.
- Risks and business opportunities of artificial intelligence.
- Risk management, including risk appetite and tolerance and internal control framework, enabling integrated view of risks and customer trends, structural industry changes and new technologies.
- Mergers and acquisitions, including a review of respective value creation and investment management.
- Legal and regulatory environment.
- Board succession planning.

Role of the Chairman

The Chairman leads the Board, coordinates the Board tasks, convenes Board meetings and sets the Board's agenda. He has continuous contact with the Group CEO and facilitates a constructive relationship between the Board, Group CEO and other ExCo members. In particular, in his role, he also:

- Presides over shareholders' meetings.
- Oversees accuracy and proper implementation of Board resolutions.
- Arranges that Board members receive accurate, timely and clear information.
- Takes the lead in crisis situations and resolutions on matters requiring immediate attention, subject to notification of the Board for acknowledgement and recording in the minutes of the subsequent Board meeting.
- Arranges the Board's onboarding and training program.
- Issues further guidelines on compliance with the fit and proper criteria of Board candidates and members.
- Arranges the Board self-assessment.

Additional information can be found in art. 3 of the Organizational Rules (www.zurich.com/about-us/corporate-governance/corporate-documents).

Role of the Vice-Chairman

The Vice-Chairman supports the Chairman in fulfilling his responsibilities and authorities and assumes the Chairman's role in case of inability.

Role of the Board committees

The Board delegates certain responsibilities and authorities to committees, whose members and chairs are appointed by the Board except for the Remuneration Committee members. As a general rule, the committees provide their views and recommendations to the Board prior to its decision and do not have decision-making powers, unless specifically stated in Annex I (Committees Charter) to the Organizational Rules (www.zurich.com/about-us/corporate-governance/corporate-documents). If deemed necessary in a specific situation, the Board may attract any matter and resolve on it without involvement of the respective committee. Each committee informs the Board on its findings and actions in a timely manner.

All committees have the authority to retain external advice. To get an outside view, the Board and/or its committees occasionally invite external advisers (e.g., the independent executive compensation consultant of the Remuneration Committee, the external auditors) to attend a meeting and/or represent a specific topic.

The Board has the following standing committees:

Governance, Nominations and Sustainability Committee

Key tasks and responsibilities:

- Assists the Board in setting an appropriate tone at the top to promote key values and behaviors, and to ensure a sound and open culture throughout the Group.
- Supports the Board by establishing corporate governance best practices across the Group with a view to ensure that the shareholders' and other important stakeholders' rights are protected.
- Ensures structures and processes are in place allowing for sound corporate governance practices and proper documentation.
- Monitors legislative and regulatory developments and reporting requirements relating to corporate governance and sustainability.
- Is entrusted with Board and ExCo succession planning and makes proposals to the Board on the Board composition, the nomination of the Chairman, the Vice-Chairman, the Group CEO and ExCo members. Final decisions are made by the Board, subject to shareholder approval, where required.
- Monitors the Group CEO's talent management and management succession planning.
- Reviews and proposes to the Board for approval the Group's sustainability strategy and objectives, including non-financial targets with a material impact on ZIG or the Group.
- Reviews the Group's forward-looking plans (including transition plan) with regard to sustainability topics.

Activities and focus topics in 2024 included:

- Zurich's sustainability performance and performance management.
- Review of Zurich's climate transition plan and recommendation to the Board for approval.
- Board and ExCo succession planning.
- Review of the Organizational Rules and recommendation to the Board for approval.
- Developments affecting corporate governance, including changes to Swiss and international laws, regulations and trends.
- Review of the corporate governance report and recommendation to the Board for approval.
- Chairman roadshow.

Remuneration Committee

Key tasks and responsibilities:

- Annually evaluates the Group's remuneration architecture and system, as well as Zurich's remuneration rules, and proposes appropriate amendments to the Board, which is responsible for the design, implementation and monitoring of the remuneration framework.
- Annually reviews and proposes to the Board the remuneration terms of the Board members.
- Reviews and recommends to the Board the employment terms and conditions of the Group CEO and the other ExCo members, including the annual review of performance objectives and performance against these objectives, as well as the targets and awards under the short-term and long-term incentive plans (STIP and LTIP) of the Group CEO, other ExCo members and the Group General Counsel, Group Chief Compliance Officer and Group Chief Auditor.
- Reviews the performance achievements against the predefined performance metrics related to STIP and LTIP, and makes a qualitative assessment of the performance.
- Reviews and recommends to the Board the funding of the STIP pools, the LTIP vesting level and the amount of the total variable remuneration pool.
- Reviews and recommends to the Board the maximum total amounts of Board and ExCo remuneration for submission to and approval by the shareholders' meeting.
- Liaises with the Group CEO on other important matters related to employment, salary and benefits.
- Discusses the legal and regulatory environment and risk management aspects regarding remuneration and related disclosure, and reviews and recommends the remuneration report to the Board.

Activities and focus topics in 2024 included:

- Performance across the Group and the associated STIP awards and funding levels, the LTIP vesting level, and the total variable remuneration pool for the period ending December 31, 2023.
- Performance and individual STIP awards for the Group CEO, other ExCo members, Group General Counsel, Group Chief Compliance Officer and Group Chief Auditor.
- Remuneration structures and levels of the Board, Group CEO, other ExCo members, Group General Counsel, Group Chief Compliance Officer and Group Chief Auditor.
- Share ownership of the Board and the ExCo in line with the current guidelines.
- Results of the remuneration-related votes from the AGM 2024.
- The remuneration report, the information on the remuneration-related votes in the AGM invitation and other related disclosures as appropriate.
- Risk management aspects of the Group's remuneration architecture, together with the Risk and Investment Committee, as well as key activities with respect to identified key risk taker (KRT) positions, for example the risk-based assessment of KRTs.
- Zurich's remuneration rules, including the performance and incentive architecture.
- Regulatory environment and external developments regarding remuneration and related disclosures, including consultation with investors and proxy agencies on remuneration and disclosure practices.
- Activities of the Group Pensions Committee.

Further details of the Group's remuneration framework are set out in the remuneration report on pages 74 to 113.

Audit Committee

Key tasks and responsibilities:

- Serves as a focal point for communication and oversight regarding accounting as well as financial and sustainability reporting, internal control, actuarial calculations, actuarial analysis and compliance.
- Reviews the Group's annual and half-year financial statements, the Group's updates for the first three and nine months, and the Group's Annual Report.
- At least annually, reviews the standards of internal control, including activities, plans, organization and quality of Group Audit and Group Compliance.
- Oversees the work of the external auditors.

Activities and focus topics in 2024 included:

- Annual and half-year reporting with a strong focus on accounting and reserving matters, as well as the Group's updates for the first three and nine months.
- Assessment of sustainability reporting.
- Strategy, scope and effectiveness of the Internal Control Integrated Framework, including internal controls over financial reporting.
- Annual Group Audit plan, Group Audit findings and management's implementation of improvement actions.
- Work of the external auditors including the regular review of the Non-Audit Services Policy, as well as the external auditors' findings on key judgments and estimates in financial statements.
- Annual Group Compliance plan, activities to support management of compliance risks, compliance policy updates and enhancements, compliance findings, the result of the annual Zurich Code of Conduct training, as well as evolving regulatory expectations.
- Tax strategy and regulation.
- Legal and regulatory matters.

Risk and Investment Committee

Key tasks and responsibilities:

- Enterprise Risk Management Framework and risk appetite and tolerance:
  - Oversight of the Group's risk appetite and tolerance, including agreed limits by type of risk which the Board regards as acceptable for ZIG and the Group to bear, the aggregation of agreed limits across the Group, the measurement of adherence to agreed risk appetite and tolerance, and the Group's risk appetite and tolerance in relation to anticipated capital levels.
  - Oversight of the Group's Enterprise Risk Management Framework (embracing policies, models, methodologies, reporting, systems, processes and people). The framework governs the identification and management of risks (including IT and cyber risk).
  - Oversight of the impact of risk on economic and regulatory capital requirements.
- Risk reporting:
  - Receipt of periodic reports from the risk management function and assessment of whether all significant risk matters (as defined in the Zurich Risk Policy) are being appropriately addressed by the ExCo members in a timely manner.
  - Review of the Group ORSA report and the Group Recovery Plan and recommendation to the Board for approval.
- Investments:
  - Oversight of the investment process.
  - Review and recommendation to the Board investments that are subject to Board approval.
  - Monitoring of developments in the macroeconomic environment.
  - Receipt of updates on the Group's annual strategic asset allocation, market risk consumption relative to allocated market risk capital and limit, as well as major market risk drivers.
  - Receipt of updates on the accounting investment result, the economic investment return relative to liabilities, and the performance of asset managers.
- Risk management and investment management functions: oversight, e.g., by reviewing plans, organizations, performance.
- Review of relevant regulatory framework reforms.

Activities and focus topics in 2024 included:

- Enterprise risk management updates, including quarterly risk reports, strategic risk assessment (Group Total Risk Profiling), Internal Control Integrated Framework and scenario analysis discussions.
- 2025 Group risk appetite and tolerance statements.
- 2024 Group ORSA report and Group Recovery Plan.
- Annual own cyber risk update.
- Regular updates from Investment Management including discussions on macroeconomic developments and impact on investment performance.
- Update on the Group's capital position with regards to economic and regulatory metrics.
- Model validation results 2023 and the plan for 2024.
- Update on credit and country risk.
- Updates on accumulation management, P&C underwriting, cyber underwriting, operational risk, own insurance, own cyber risk and reinsurance strategy.
- Group Risk Management strategy update as well as regional risk updates.
- Discussion on risk aspects of the remuneration architecture and update on KRTs in joint meeting with Remuneration Committee.

For further information on risk governance, see the risk review on pages 222 to 253.

For further information on the Board committees in general, see Annex I (Committees Charter) to the Organizational Rules (under www.zurich.com/about-us/corporate-governance/corporate-documents).

Executive Committee

An Executive Committee focused on delivering results.

Our ExCo is well equipped to steer Zurich toward its 2025 goals and beyond to ensure the Group remains agile and ready for the future.



Mario Greco
Group Chief Executive Officer
Nationality
Italian
Read more:
▶ Page 62



Ericson Chan
Group Chief Information and Digital Officer
Nationality
Chinese (Hong Kong SAR)
Read more:
▶ Page 62



Claudia Cordioli
Group Chief Financial Officer
Nationality
Italian
Read more:
▶ Page 62



Peter Giger
Group Chief Risk Officer
Nationality
Swiss
Read more:
▶ Page 63



Alison Martin
CEO EMEA (Europe, Middle East & Africa) and Bank Distribution

Nationality
British

Read more:
▶ Page 63



Sierra Signorelli
CEO Commercial Insurance

Nationality
U.S.

Read more:
▶ Page 64



Laurence Maurice
CEO Latin America

Nationality
French

Read more:
▶ Page 63



Kristof Terryn
CEO North America

Nationality
Swiss and Belgian

Read more:
▶ Page 65



Cara Morton
CEO Zurich Global Ventures

Nationality
Australian

Read more:
▶ Page 64



Stephan van Vliet
Group Chief Investment Officer

Nationality
Dutch

Read more:
▶ Page 65



Tulsi Naidu
CEO Asia Pacific

Nationality
British

Read more:
▶ Page 64



Raul Vargas
CEO of Farmers Group, Inc.

Nationality
Argentinian and Spanish

Read more:
▶ Page 65

Executive Committee

The Board delegated to the Group CEO the management of ZIG and the Group as well as any matters that are not reserved to the Board pursuant to mandatory laws and regulations, the Articles of Association, the Organizational Rules or other Board-approved documents. The Group CEO delegated specific responsibilities and authorities to individual ExCo members or Group CEO direct reports and authorized further delegation of specific responsibilities and authorities as appropriate. The ExCo serves as the core management committee of the Group CEO and as a forum for discussion, alignment and coordination for strategic, financial and business policy issues of Group-wide relevance.

The Group CEO is responsible for:

- Management and performance of ZIG and the Group.
- Development and implementation of the Group's strategy and the strategic plan approved by the Board and reporting to the Board on strategic performance.
- Representation of the overall interests of ZIG and the Group towards third parties to the extent such interests are not represented by the Board or the Chairman.
- Management, supervision and coordination of the activities of the ExCo members and other Group CEO direct reports.
- Succession planning at ExCo level.
- Specific other powers and duties pertaining to strategic, financial and organizational matters.

ZIG has not transferred key parts of management by contract to other companies (or individuals) not belonging to (or employed by) the Group.

Additional information can be found in art. 7 of the Organizational Rules (www.zurich.com/about-us/corporate-governance/corporate-documents).

Group Management

as of December 31, 2024



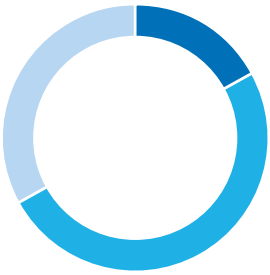
Composition

As of December 31, 2024, the ExCo included members of 11 nationalities. ExCo members' business experience covers a broad range of jurisdictions, giving the ExCo profound collective knowledge of international business practices.

The average length of tenure was 4.9 years.

Length of tenure

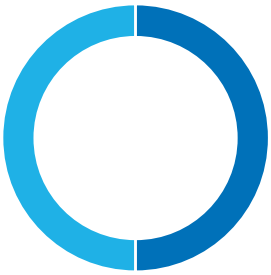
%, as of December 31, 2024



Less than 1 year	17
Between 1 and 5 years	50
More than 5 years	33

Gender

%, as of December 31, 2024



Male	50
Female	50

Nationality[1]

%, as of December 31, 2024



Argentina	7
Australia	7
Belgium	7
China (Hong Kong SAR)	7
France	7
Italy	14
Netherlands	7
Spain	7
Switzerland	14
UK	14
U.S.	7

ExCo members are allocated to one or more nationality.

1 Percentages may not total 100 due to rounding.

Changes to the ExCo in 2024

Cara Morton, former CEO of Cover-More Group, became CEO Zurich Global Ventures as of February 1, 2024. She succeeded Jack Howell, who decided to leave Zurich. Claudia Cordioli, former group finance director at Swiss Re, became Group Chief Financial Officer as of March 1, 2024. She succeeded George Quinn, who decided to leave Zurich.

The biographies of Jack Howell and George Quinn can be found on pages 65 and 66 of the 2023 Annual Report (www.zurich.com/investor-relations/results-and-reports).

Limits on mandates

Art. 33 para. 1 of the Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association) sets forth the following, generally applicable, maximum limits for ExCo members:

Additional mandates for listed and non-listed companies (maximum in total)	4 maximum
Maximum of mandates for listed companies (included in total maximum)	1 maximum

Exempted from this general limit are the following categories of mandates (art. 33 para. 2 of the Articles of Association):

Mandates for ZIG and its Group companies	No limit
Mandates exercised on behalf of ZIG or a Group company in legal entities not affiliated with the Group	5 maximum
Mandates in associations, professional or trade organizations, foundations, pension foundations, educational institutions and similar organizations	5 maximum
Mandates in structures managing the personal or family's assets of ExCo members and/or their related persons	5 maximum

Mandate means any membership in the board of directors, the executive committee or the advisory board (Beirat), or any comparable function under foreign law, in a company with an economic purpose. Mandates in different legal entities of the same group (including asset management structures in accordance with art. 33 para. 2 lit. d) and mandates in legal entities closely associated with the group (such as pension funds and joint ventures) are deemed one mandate. The maximum limits set forth in the Articles of Association do not discharge the ExCo members from their duties to act with due care and protect Group interests. Additional mandates may be assumed only where, upon assuming such mandates, time and resources remain available to perform the office held in the Group.

The disclosure of mandates under art. 734e of the Swiss Code of Obligations for the ExCo can be found on page 107 of the remuneration report. The ExCo CVs on the following pages take into account the rules set forth in the SIX Exchange Regulation Directive on Information relating to Corporate Governance and may include other engagements not disclosed in the remuneration report.

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

Biographies

Mario Greco
Group Chief Executive Officer

Born: 1959

Skills and experience
Mario Greco joined Zurich in March 2016 as Group CEO and member of the Executive Committee. Mr. Greco started his professional career in management consulting, working in McKinsey & Company's Milan office from 1986 until 1994, where he became a partner in 1992 and subsequently a partner leader in the insurance segment. In 1995, he joined RAS (Allianz Group) in Milan as head of the claims division. He became general manager in charge of the insurance business the following year. In 1998, he was appointed managing director and in 2000, he became the company's CEO. At the end of 2004, Mr. Greco joined Allianz AG's executive board, with responsibility for France, Italy, Spain, Portugal, Greece and Turkey. In April 2005, he joined the Sanpaolo IMI Group in Milan as CEO of EurizonVita and in October 2005, he was appointed CEO of Eurizon Financial Group. From 2007 to 2012, he served at Zurich, first as CEO Global Life and from 2010, as CEO General Insurance. In 2012, he was appointed CEO of Generali.

External appointments
Mr. Greco is a member of the international advisory council of Bocconi University, a member of the executive faculty of the University of St.Gallen (HSG), a member of the advisory board of the Executive MBA program of the ETH and the University of St.Gallen (HSG), and a member of the advisory board of the Department of Economics at the University of Zurich.

Educational background
Mr. Greco holds a bachelor's degree in economics from the University of Rome and a master's degree in international economics and monetary theory from Rochester University.

Ericson Chan
Group Chief Information and Digital Officer

Born: 1966

Skills and experience
Ericson Chan has an extensive background in technology leadership prior to joining Zurich as Group Chief Information and Digital Officer and as a member of the Executive Committee in October 2020. From 2016 to 2020, he was CEO of Ping An Technology where he helped to transform Ping An Group's business model and online ecosystems through digital services including a range of fintech products and online platforms. Between 1998 and 2016, he held several technology and operations leadership roles at Standard Chartered Bank in Hong Kong, Shanghai and Singapore, including chief information officer for North Asia, head of Corporate & Investment Banking Operations in China and global head of Consumer Banking Technology. He also has six years of HealthTech experience in the U.S.

External appointments
Mr. Chan is the chairman of the board of the Jane Goodall Institute in Hong Kong.

Educational background
Mr. Chan graduated from the University of Wisconsin-Madison with a bachelor of science degree in computer science and has an MBA from Edgewood College in Madison, Wisconsin.

Claudia Cordioli
Group Chief Financial Officer

Born: 1971

Skills and experience
Claudia Cordioli, Zurich Group Chief Financial Officer (CFO) and a member of the Executive Committee, has served in various senior positions in insurance, reinsurance and consulting. Prior to joining Zurich as CFO on March 1, 2024, she served as Swiss Re's group finance director from 2022 to 2024, overseeing core finance functions and the group's transition to IFRS 17. From 2020 to 2022, she served as CFO of Swiss Re's reinsurance business, and prior to that, held various senior positions across the group including head of Western and Southern Europe, leading its reinsurance business in 15 countries. Before joining Swiss Re in 2003, she worked in banking and consulting firms as a senior consultant, including at KPMG, Zurich (Switzerland).

External appointments
Ms. Cordioli is a fellow of the Aspen Institute Finance Leaders Fellowship and a member of the Aspen Global Leadership Network.

Educational background
Ms. Cordioli holds a degree in business administration from the University of Verona (Italy), Faculty of Economics. In 2007 she passed her certified public accountant (CPA) exam with the New Hampshire, U.S., Board of Accountancy.

Biographies (continued)

Peter Giger
Group Chief Risk Officer

Born: 1964

Skills and experience
Peter Giger has extensive experience in insurance and reinsurance, including in areas of finance, risk, strategy, underwriting and regulatory management. He was appointed Group CRO and member of the Executive Committee in October 2019 and took on the additional responsibilities as Group Chief Investment Officer on an interim basis from mid-2021 until early 2022. Prior to that, he served for four years from 2014 to 2018 as the head of FINMA's insurance division. During that time, he also served as FINMA's deputy CEO and a member of its executive team. While at FINMA he represented Switzerland in international organizations, instituted standard operating procedures and guidelines, and was instrumental in consolidating Swiss Solvency Test modeling. From 2002 to 2014, he held executive leadership roles at Zurich, including CFO General Insurance from 2010 to 2014. Prior to that he headed Structured Finance at Swiss Re from 1999 to 2002. Mr. Giger began his career at Zurich, holding a series of management positions between 1992 and 1999.

External appointments
Mr. Giger became a member of the Swiss Federal Institute of Technology (ETH) Risk Center's advisory board in February 2020. He has been a member of the CRO Forum Association since October 2019.

Educational background
Mr. Giger has a doctorate in business administration from the University of Zurich, and a master's degree in business administration, specializing in IT, from the University of St.Gallen (HSG).

Alison Martin
CEO EMEA (Europe, Middle East & Africa) and Bank Distribution

Born: 1974

Skills and experience
Alison Martin has extensive management, financial and commercial experience within the insurance sector. She was appointed CEO Europe, Middle East & Africa (EMEA) and Bank Distribution in July 2019. Prior to that, she served as Group CRO from January 2018 to September 2019. A qualified accountant, Ms. Martin began her career at PwC, where from 1995 to 2003 she worked with insurance clients in audit and advisory roles. She then served in leading executive positions at Swiss Re, starting in 2003 as finance director, Life & Health. Starting in January 2011, she served as group managing director of Swiss Re's Life & Health Products Division. She was appointed Swiss Re's head of Life & Health Business Management in 2013, a position she held until joining Zurich as Group CRO-designate and a member of the Executive Committee in October 2017.

External appointments
Ms. Martin is a councillor of the British-Swiss Chamber of Commerce.

Educational background
Ms. Martin earned a bachelor's degree in law, with honors, from the University of Birmingham in 1995. In 1998, she qualified with the Institute of Chartered Accountants in England and Wales as an associate member, and in 2010 she completed the Chartered Financial Analyst investment management certificate.

Laurence Maurice
CEO Latin America

Born: 1965

Skills and experience
Laurence Maurice has extensive experience in the insurance industry and in organizational transformation. Before joining Zurich as CEO Latin America and as a member of the Executive Committee in October 2020, she served for five years as Allianz Partners' CEO of Spain and head of Southern Europe. During that time, she revamped strategy while supporting the company's global transformation. Before this, she spent seven years as global CFO at Allianz Global Assistance and seven years as Brazil and then Latam regional CFO for Allianz Seguros. After beginning her career at PWC, she held positions as head of business division and head of International Internal Audit at Allianz France.

External appointments
Ms. Maurice is an associate of the French-Brazilian Chamber of Commerce (Câmara de Comércio França-Brasil).

Educational background
Ms. Maurice holds an engineering degree from SupAgro Montpellier and a master's degree in audit from ESCP Europe.

Biographies (continued)

Cara Morton
CEO Zurich Global Ventures

Born: 1969

Skills and experience
Cara Morton has an extensive background in strategic business transformation and leadership within the insurance industry. She assumed the role of CEO Zurich Global Ventures and became a member of the Executive Committee in February 2024. Prior to this, she served as CEO of Cover-More Group, part of Zurich Global Ventures, from April 2020 to February 2024. She initially joined Cover-More in July 2018 as interim CEO of World Travel Protection and then became COO of Cover-More in November 2018, a role she held until April 2020 when she was named CEO. Before joining Cover-More, Ms. Morton held various senior leadership positions at QBE Insurance Group from 2014 to 2018. Her roles at QBE included group head of transformation and change, group head of strategic transformation, and ultimately group head of operations. Ms. Morton began her professional career at Accenture, formerly known as Andersen Consulting, in Brisbane in 1991. She remained with the company until 2014, during which time she led projects for global banking and insurance companies, including serving as managing director of the finance and performance management consulting business across Asia Pacific.

External appointments
None.

Educational background
In 1990, Ms. Morton completed a bachelor's degree in minerals processing engineering, with honors, at the University of Queensland.

Tulsi Naidu
CEO Asia Pacific

Born: 1973

Skills and experience
Tulsi Naidu has more than 20 years of financial services experience in Europe and Asia across both life and general insurance. She was appointed CEO Asia Pacific and became a member of the Executive Committee in January 2021. Ms. Naidu joined Zurich in September 2016 as Head of Business Development EMEA and was then appointed CEO of Zurich UK. She joined Zurich after 14 years at Prudential plc in its UK business serving as COO and Executive Director, UK & Offshore. Ms. Naidu started her career in India with roles at Arthur Andersen and ICICI Bank before moving to CSFB. Ms. Naidu is a past chair of the UK Financial Conduct Authority's practitioner panel.

External appointments
Ms. Naidu is an independent director of Wipro Ltd.

Educational background
Ms. Naidu earned a bachelor's degree in mathematics, economics and statistics from Nizam College, Hyderabad and a master's degree in management from the Indian Institute of Management in Ahmedabad.

Sierra Signorelli
CEO Commercial Insurance

Born: 1975

Skills and experience
Sierra Signorelli was appointed CEO Commercial Insurance and became a member of the Executive Committee in March 2021. She has extensive experience in the insurance industry, serving as Zurich's Group Chief Underwriting Officer from October 2020 and as Chief Underwriting Officer for Commercial Insurance after joining the company in 2017. Her prior experience includes 17 years with American International Group where she held a number of senior leadership roles in the insurer's Global Specialties division, including global chief underwriting officer, specialty lines and specialty executive in Asia/Pacific and global head of Network Partner Practice.

External appointments
Ms. Signorelli is a member of the board of the Swiss-American Chamber of Commerce.

Educational background
Ms. Signorelli holds a Bachelor of Science degree in environmental science from the University of California, Santa Barbara. She completed the Stanford Executive Program at Stanford University School of Business.

Biographies (continued)

Kristof Terryn
CEO North America

Born: 1967

Skills and experience
Kristof Terryn began his career in 1993 in the banking industry, working in capital markets. In 1997, he joined McKinsey & Company where he held various positions within the financial services practice in Brussels and Chicago. He joined Zurich in 2004 in the Finance department. In 2007, he became Chief Operating Officer (COO) for the Global Corporate business division and in January 2009 was named COO for General Insurance. Mr. Terryn became a member of the Executive Committee in 2010 upon his appointment as Group Head Operations. In September 2013, he was appointed CEO Global Life, and became CEO General Insurance in October 2015. He was appointed Group COO effective July 2016. Mr. Terryn was named CEO North America effective January 1, 2021.

External appointments
Mr. Terryn is a board member of the American Property Casualty Insurance Association (APCIA), Intersect Illinois, the Executives' Club of Chicago, and St. John's School of Risk Management. He is also a member of the Civic Committee of the Commercial Club of Chicago and the CEO Leadership Council of the Global Business Alliance.

Educational background
Mr. Terryn holds a law degree and a degree in economics from the University of Leuven, Belgium, as well as an MBA from the University of Michigan.

Stephan van Vliet
Group Chief Investment Officer

Born: 1970

Skills and experience
Stephan van Vliet has extensive international experience in asset management in the insurance sector. He joined Zurich as Group Chief Investment Officer and as a member of the Executive Committee in May 2022. Prior to this, he served as chief investment officer for Prudential Corporation Asia, Hong Kong, from 2017 to March 2022. Before Prudential, he worked at PineBridge Investments (2014–2016) as head of insurance asset management; at ING Insurance Asia Pacific as head of investments (2010–2013); and at ING Investment Management (1994–2013) in roles spanning asset ownership and asset management. These roles involved advising and managing portfolios for many different insurance companies and pension funds – both affiliated and third party – under multiple regulatory models.

External appointments
Mr. van Vliet is a member of the board of trustees of the Foundation for Constructivist, Concrete, and Conceptual Art (Museum Haus Konstruktiv) in Zurich and is also a member of the advisory council of the Diversity Project Europe.

Educational background
Mr. van Vliet earned a bachelor's degree in business administration from Nijenrode University, the Netherlands, in 1991. Between 1991 and 1994, he completed a master's degree in international affairs at Johns Hopkins University and an MBA at Bocconi University.

Raul Vargas
CEO of Farmers Group, Inc.

Born: 1975

Skills and experience
Raul Vargas has more than two decades of international leadership experience in global life and non-life insurance markets across the U.S., Latin America and Europe. Mr. Vargas was appointed CEO of Farmers Group, Inc. and became a member of the Executive Committee in January 2023. He also became a member of the Board of Directors of Farmers Group, Inc. in January 2023 and has been its Chairman since August 2023. In his extensive career with the Zurich Insurance Group, he served most recently as President of Distribution, Life and Financial services for Farmers Group, Inc. in Los Angeles, overseeing sales and distribution activities, in addition to Farmers New World Life and Farmers Financial Solutions. From 2014 to 2022, Mr. Vargas was CEO of Zurich Santander Insurance America. Prior to this, he held a variety of leadership roles in different geographies, including Head of Distribution and Proposition Management of Zurich Santander in Madrid, Spain from 2011 to 2014, Head of Life Business Latin America in Miami, Florida, from 2007 to 2010, as well as Chief Life Actuary and Head of Product Development in Milan, Italy from 2004 to 2007.

External appointments
Mr. Vargas is a board member of The Institutes Risk and Insurance Knowledge Group and the Southern California Leadership Council.

Educational background
Mr. Vargas holds a degree in actuarial science and economics from the University of Buenos Aires.

Management committees

The following cross-functional committees have been established for key areas to facilitate the coordination and alignment of recommendations to the Group CEO for approval on specific subjects.

Group Balance Sheet Committee (GBSC)

Members: Group CFO (Chair), Group CEO, Group CRO, Group CIO. The Group General Counsel attends the meetings ex officio but is not a voting member.

Key tasks and responsibilities: The GBSC acts as a cross-functional advisory body for matters that could materially affect the financial position of the Group as a whole. The committee issues recommendations to the Group CEO.

The GBSC has oversight of all of the main levers of the balance sheet, including but not limited to transactions, capital management, reinsurance, asset and liability management, dividend and share buyback programs, liquidity, leverage, rating agencies and other balance sheet-related matters and topics as measured by the Internal Economic Capital Model, including Zurich Economic Capital Model (Z-ECM), Risk-Based Capital (RBC) and related models, such as the SST and Solvency II.

Oversight is exercised through regular review of plans, policies and specific transactions related to these areas and recommending appropriate actions to the Group CEO and, where appropriate, to the relevant decision-making bodies and management committees of the Group.

Core topics are:

- Capital management on capital allocations and lending and borrowing decisions.
- Rating management strategy and target ratings management.
- Balance sheet planning on liquidity, solvency, investment and asset/liability management strategies and associated capital allocation, including changes to investment strategy.
- Business development matters on corporate transactions with third parties, internal restructuring, investments, including real estate, and entry into new types of business and markets.
- Material Group reinsurance strategy and reinsurance programs.
- Other topics with material impact on the balance sheet of the Group as determined by the GBSC Chair.

Group Risk Committee (GRC)

Members: Group CRO (Chair), Group CFO, Group CIO, CEO EMEA and Bank Distribution,[1] CEO Commercial Insurance,[2] Group General Counsel. The Group Chief Auditor and the Group Chief Compliance Officer are invited ex officio to attend the meetings, but are not voting members.

Key tasks and responsibilities: The GRC's main function is to review and provide recommendations to the Group CEO on activities related to the Group's overall risk profile, including but not limited to property & casualty insurance risk, life insurance risk, market risk, credit risk, operational and strategic risks.

The GRC reviews and recommends actions on topics such as:

- The Group's overall risk profile including exposures and risk impacts to capital and liquidity, earnings and reputation compared to the Group's risk appetite and tolerance.
- Changes to governance documents such as the Key Risk Management Principles and the Zurich Risk Policy.
- Key regulatory filings including the Group ORSA and Group Recovery Plan reports.
- The Group's Internal Control Integrated Framework.
- Prospective changes to internal capital models with significant impact on economic solvency ratios.
- The annual independent model validation plan and outcomes including additional granularity on material findings.

1 The CEO EMEA and Bank Distribution is member of the GRC by virtue of her responsibility for Life Business Management (incl. underwriting and claims for life insurance).
2 The CEO Commercial Insurance is member of the GRC by virtue of her additional responsibility for underwriting and claims for property & casualty insurance.

Technical committees

In addition to management committees, the Group's governance structure provides for committees of a more technical nature to support further aspects of Zurich's business activities. These include:

The Asset/Liability Management Investment Committee, chaired by the Group CIO, acts as a cross-divisional body and has primary responsibility for monitoring and reviewing the Group's asset/liability management and the strategic asset allocation of Zurich's invested assets.

The Group Pensions Committee, chaired by Gary Shaughnessy, is responsible for developing, reviewing and advising on the Group governance framework in matters related to pension and post-employment benefit arrangements. It provides oversight and guidance in the areas of market, demographic and reputational risk. It reports to and makes recommendations to the GBSC on material, pension-related matters, and reports regularly to the Remuneration Committee.

The Disclosure Committee, chaired by the Head of Group Financial Accounting and Reporting (FAR), is responsible for reviewing all external communications and disclosures that contain information material to the financial and capital position and/or performance of the Group. In particular, it reviews half-year and year-end financial results based on IFRS Accounting Standards as well as the updates for the first three and nine months of the Group and related documents, e.g., related news releases and analysts' information. It reviews other external communications that contain information or guidance regarding earnings in respect of either current or future reporting periods as well as external documentation required under applicable laws and regulations in relation to public financing transactions or publicly announced share buyback programs as well as sustainability reports. It also reviews controls and procedures regarding the effectiveness of the Group's internal controls over financial reporting. It makes recommendations to the Group CFO.

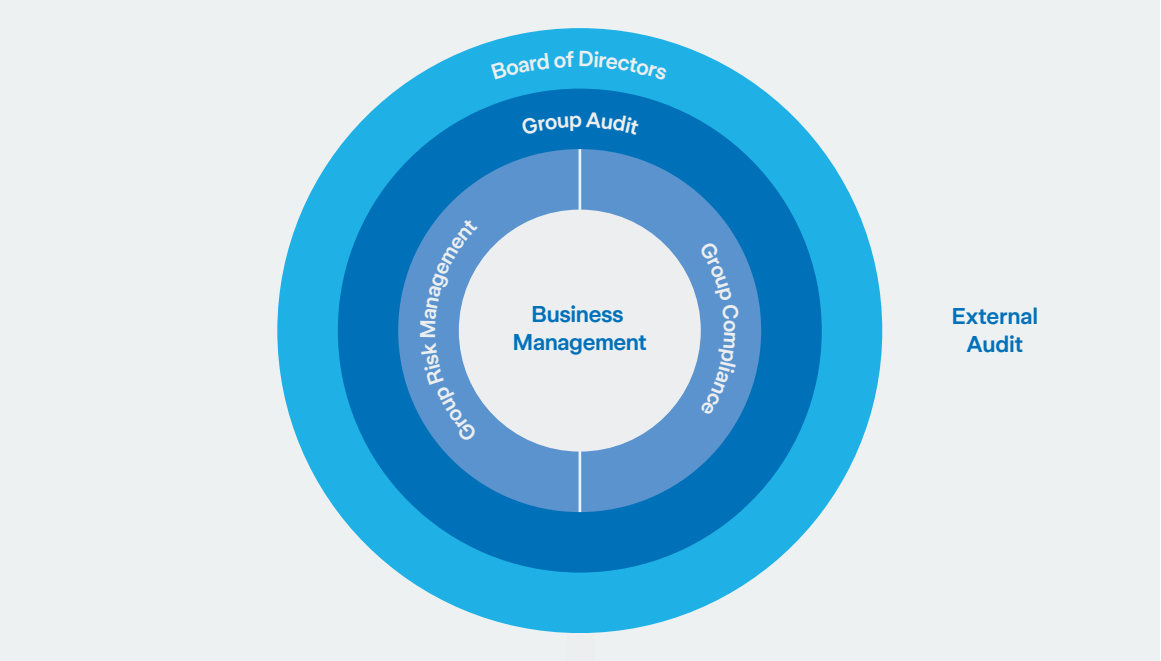
Governance and control functions

Zurich is committed to complying with applicable laws, regulations and internal requirements, professional and industry standards, and our corporate values. Various governance and control functions help to ensure that risks are identified and appropriately managed and that internal controls are in place and operating effectively. The Board is ultimately responsible for the supervision of these activities. The Board supervises management and monitors its performance through reporting and controlling processes. It receives regular and timely information on developments relevant to the Group as further described in this section.

Although each governance and control function maintains its distinct mandate, the functions are closely aligned and cooperate with each other through a regular exchange of information, planning and other activities. This approach supports management in its responsibilities and provides confidence that risks are appropriately addressed.

Zurich uses a model of three lines of defense in its approach to enterprise risk management. This model runs through Zurich's governance structure, so that risks are clearly identified, assessed, owned, managed and monitored.

Three lines of defense at Zurich Insurance Group
as of December 31, 2024



First Line: business management

The first line of defense consists of business management and all functions except Group Risk Management, Group Compliance and Group Audit. The first line takes risks and is responsible for day-to-day risk management (i.e., risks are identified and monitored, mitigation actions are implemented and internal controls are in place and operating effectively).

The Group CEO and other executives inform the Chairman and the Board through regular reports, including on key performance indicators and other Group-relevant financial data, existing and emerging risks, mitigation measures for such risks, important market developments, industry peers and other significant issues and events. The Group CEO is generally invited to attend Board meetings. ExCo members are regularly invited to Board or Board committee meetings, while other executives attend these meetings from time to time. Most Board and Board committee meetings include closed sessions without management participation.

During 2024, the Chairman regularly met with the Group CEO. The Chairman meets from time to time with other ExCo members and management outside regular Board meetings. The other Board members do so as well, including meetings with the Group CFO and the Group CRO, in particular.

The Group has an information and financial reporting system. The annual plan for the Group, which includes a summary of financial and operational metrics, is reviewed by the ExCo in detail and approved by the Board. Full-year forecasts are revised, if necessary, to reflect changes in sensitivities and risks that may affect the results of the Group. Action is taken, where appropriate, when variances arise. This information is reviewed regularly by the ExCo and the Board.

Second Line: Group Risk Management and Group Compliance

The second line of defense consists of the two control functions, Group Risk Management and Group Compliance.

Group Risk Management

Group Risk Management is responsible for supporting the development, implementation and maintenance of Zurich's Enterprise Risk Management and Internal Control Integrated Frameworks. The Group CRO regularly reports risk matters to senior management committees, the Group CEO and the Board's Risk and Investment Committee (e.g., in the form of quarterly risk reports and updates). For more information, see the risk review on pages 222 to 253; this information is not described separately in the corporate governance report.

Group Compliance

Group Compliance enables business management to manage its compliance risks by providing compliance solutions and independent challenge, monitoring and assurance related to relevant processes and controls, new business opportunities and complex transactions. The Group Compliance mandate includes:

- Enabling the business to manage its compliance risks.
- Being a trusted adviser.
- Providing independent challenge, compliance risk monitoring and assurance.
- Assisting management to promote compliance culture and ethics.

Group Compliance is vertically integrated to support a global framework and is led by the Group Chief Compliance Officer, who reports directly into the Group CEO, while maintaining functional independence as second line of defense. The Group Chief Compliance Officer has direct access to the Audit Committee Chair and appropriate access to the Chairman of the Board.

Group Compliance provides an independent view on the key compliance risks to the business and performs independent risk-based monitoring and assurance activities, while also challenging the business operations. Group Compliance performs its activities according to the Global Annual Compliance Plan. Each Annual Compliance Plan (global, regional, local) is a risk-based plan and must be prepared on the basis of an independent forward-looking compliance risk assessment, considering both internal and external key risk drivers.

Group Compliance also provides compliance risk insight through relevant and targeted reporting. It provides the ExCo and the Audit Committee with insights into key compliance trends, matters and insights, compliance assurance outcomes as well as on progress against the Global Annual Compliance Plan through quarterly reporting to enable the members of the respective bodies to take informed business decisions. The equivalent regional and local governance bodies receive insights into relevant compliance topics, including progress against the respective risk-based plans. These reporting flows ensure that the organization at all levels embeds the findings and activities of Group Compliance to safeguard against regulatory and business risk exposure.

The Group Chief Compliance Officer defines and issues compliance policies at Group level and establishes appropriate processes and guidance. Group Compliance supports a strong compliance culture across the Group via training and awareness initiatives and maintains the global Integrity Concerns reporting framework. Zurich encourages its employees to speak up and report suspected or actual illegal, fraudulent, improper or unethical conduct (Integrity Concerns). Employees are free to report their concerns to management, Human Resources, Group Legal, Group Compliance, or through the Zurich Ethics Line, a phone and web-based service run by an independent external provider. The Zurich Ethics Line is also open to the public, including customers, contractors and business partners, and reports can also be made anonymously. Zurich does not tolerate retaliation against any employee reporting an Integrity Concern in good faith.

Third Line: Group Audit

The role of Group Audit is to help the Board and ExCo to protect the assets, reputation and sustainability of Zurich. It does this by performing independent, risk-based and objective audit activities to systematically evaluate and challenge the adequacy and effectiveness of the Group's governance, risk management and internal controls.

The scope of Group Audit's mandate is unrestricted and spans the whole of Zurich and includes all activities undertaken within and on behalf of the Group.

The Group Chief Auditor reports functionally to the Audit Committee Chair and administratively to the Group CEO. Group Audit has no operational responsibilities for the areas it reviews and, to ensure independence, all Group Audit staff ultimately report to the Group Chief Auditor, while recognizing local legislation or regulation. Heads of Internal Audit for subsidiaries may have additional reporting lines to the local CEO and/or subsidiary audit committee or board.

Group Audit develops a risk-based plan and continuously updates it as the risks faced by the Group change. The plan is based on the full spectrum of business risks including issues raised by the Audit Committee, management and other stakeholders. The Audit Committee reviews and approves the plan annually and any material changes during the year. The audit plan for 2024 comprised 461 audits, addressing key risks and regulatory requirements across the Group.

Group Audit has full, free and unrestricted access to all activities, data, records, information, physical properties and personnel necessary to complete its work. Group Audit coordinates with internal and external providers of assurance services to align the timing of activities and maintains regular communication with the external auditors to share information and inform risk assessments and audit plans.

Group Audit executes its plan in accordance with defined operating standards, which incorporate and comply with the Global Internal Audit Standards, issued by the Institute of Internal Auditors (IIA). Group Audit ensures that issues identified by Group Audit are brought to the attention of appropriate levels of management and that timely follow-up action occurs. The Group Chief Auditor meets monthly with the Group CEO. The Audit Committee and audit committees of subsidiary companies are informed at least quarterly of important audit findings, including adverse opinions and status of mitigation actions by management. The Group Chief Auditor attends each Audit Committee meeting and has monthly meetings with the Audit Committee Chair and the Chairman of the Board.

The Audit Committee assesses the independence of Group Audit and reviews its activities, plans, organization, work quality and its cooperation with the external auditors. As required by IIA Standards, the internal audit function's quality is reviewed at least every five years by an independent qualified assessor. This review was conducted in the second half of 2021 and reported to the Audit Committee in February 2022. The report confirmed that Group Audit's practices were generally conforming to the IIA Code of Ethics and International Standards, and guidance prepared by the European Confederation of Institutes of Internal Auditing.

External auditor

Duration of the mandate and term of office of the lead auditor

Ernst & Young Ltd (EY), Maagplatz 1, 8005 Zurich, Switzerland, were reelected as Zurich Insurance Group Ltd (ZIG)'s external auditors for the financial year 2024 by the AGM on April 10, 2024. EY has been ZIG's external auditors since the financial year 2021.

EY assumes all auditing functions which are required by law and the Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association). EY is responsible for auditing ZIG's and the Group's financial statements and for auditing Zurich's compliance with specific regulatory requirements.

Isabelle Santenac of EY is the global relationship partner and lead auditor who took up office in 2021. She co-signs the auditors' report for 2024 together with David Jewell, audit engagement partner, who took up office in 2024. Philip Kirkpatrick is the auditor in charge of the regulatory audit work since 2022. The Group together with EY ensures that the roles are rotated at least every five years.

The AGM elects the external auditors annually. The Board proposes to reelect EY at ZIG's AGM on April 9, 2025 as external auditors for the financial year 2025. EY fulfills all necessary requirements under the Swiss Federal Act on the Admission and Oversight of Auditors and is admitted as a registered auditing company by the Federal Audit Oversight Authority.

Audit fees

Total audit fees (including expenses and value added taxes) charged by EY in the year 2024 amounted to USD 54.1 million. This includes the audit of the Group's consolidated, sub-consolidated and statutory financial statements globally. It also includes any fees for interim reviews, assurance and attestation services related to any regulatory filings of the Group and its subsidiaries. Audit fees are approved annually by the Audit Committee and any unplanned overruns are reviewed and agreed with management.

Non-audit fees

Total fees (including expenses and value added taxes) in the year 2024 for non-audit services, such as tax advice, audit-related services and other services were USD 5.5 million.

The Audit Committee has approved a comprehensive policy for non-audit services, which defines allowable and non-allowable non-audit services as well as approval limits for non-audit service mandates at the local and Group level. Allowable non-audit services may include tax advice, comfort and consent letters as well as certifications and attestations, to the extent that such work complies with applicable legal and regulatory requirements and does not compromise the independence or objectivity of EY. To avoid conflicts of interest, all allowable non-audit services need pre-approval from the Audit Committee Chair, the Group CFO, the Head of Group FAR or the local CFO, depending on the expected fee. The policy further requires, among others, an engagement letter specifying the services to be provided.

EY also tracks non-audit services and reports quarterly to the Head of Group FAR and the Audit Committee the extent of non-audit services provided worldwide.

The audit and non-audit fees of EY for 2024 and 2023 were as follows:

Audit and non-audit fees

in USD millions, as of December 31	2024	2023
Total audit fees[1]	**54.1**	**46.7**
Total non-audit fees[2]	**5.5**	**6.4**
– Tax advice	1.2	1.2
– Audit-related services[3]	3.6	4.8
– Other services[4]	0.7	0.4

1 The total audit fees include one-time audit fees for the auditors' additional work related to the application of the revised international auditing standard ISA 600 in 2024, the application of this standard to subsidiaries, as well as recurring scope changes resulting from M&A activities. The 2023 audit fees reflected the Group's adoption of IFRS 9 in 2023 and the statutory adoption of these standards by the subsidiaries in 2023.
2 Rounded individual amounts may not always add up to the rounded total.
3 Primarily for attestation and assurance services (e.g., agreed upon procedures, service organization control reports) and limited/reasonable assurance for sustainability reporting.
4 In 2024, this primarily related to independent services relating to Zurich projects with third parties.

Supervision and control over the external audit process

The Audit Committee regularly meets with the external auditors. During 2024, the Audit Committee met with EY eight times. The external auditors regularly have private sessions with the Audit Committee without management present. Based on written reports, the Audit Committee and the external auditors discuss the quality of the Group's financial and accounting function and any recommendations that they may have. Topics considered during such discussions include strengthening of internal financial controls, applicable accounting principles and management reporting systems. In connection with the audit, the Audit Committee obtains from the external auditors a timely report relating to the audited financial statements of the Group.

The Audit Committee oversees external auditors' work. It reviews, at least annually, the external auditors' qualification, performance and independence and reviews any matters that may impair their objectivity and independence. The review is based on a written report by EY describing the firm's internal quality control procedures, any material issues raised and all relationships between EY and the Group and/or its employees that could be considered to bear on their independence. The Audit Committee evaluates the external auditors' performance during their audit examination. It elicits the comments of management regarding the external auditors' performance (based on criteria such as their understanding of Zurich's business, technical knowledge and expertise, etc.) and the quality of the working relationship (responsiveness to the needs of ZIG and the Group and the clarity of communication). The Audit Committee reviews, prior to the commencement of the annual audit, the scope and general extent of the external audit and suggests areas requiring special emphasis.

The Audit Committee proposes the external auditors to the Board for (re)election by the AGM and is responsible for approving the audit fees (see page 71 for further information).

Information policy

Please find below an overview of the different ways Zurich communicates with shareholders, as well as relevant sources of information:

Topic	Links
Shareholders' meeting invitation	is published in the Swiss Official Gazette of Commerce and on our website: www.zurich.com/agm It is also sent by e-mail or unregistered mail to registered shareholders.
Letters to Shareholders	provide an overview of the Group's activities as the year progresses and outline its financial performance based on the half-year and annual results. www.zurich.com/investor-relations/shareholder-area/letter-to-shareholders
Annual Report and Half Year Report	www.zurich.com/investor-relations/results-and-reports
Group's updates for the first three and nine months	www.zurich.com/investor-relations/results-and-reports
Media releases	www.zurich.com/media/news-releases
Free news subscription service	www.zurich.com/services/news-releases
Financial calendar	www.zurich.com/investor-relations/calendar
Investor Day	an event to provide investors and analysts with an update on the latest strategic developments and insights into segments and business activities of the Group. www.zurich.com/investor-relations/investor-day
Chairman roadshow	to engage with our investors on an annual basis. www.zurich.com/investor-relations/presentations
Investor Relations	www.zurich.com/investor-relations
Registered office, contact, phone number	see page 432 of this Annual Report.

Message from our Chair of the Remuneration Committee

Rewarding contribution in a year of outstanding performance

“We align remuneration with Zurich’s performance and the investors’ experience in 2024 as we continue our profitable growth trajectory.”

Christoph Franz
Chair of the Remuneration Committee



On behalf of the Board of Directors (Board) and the Remuneration Committee, I am pleased to share Zurich Insurance Group Ltd's and its subsidiaries' (the Group or Zurich) remuneration report for the year ended December 31, 2024, which outlines key compensation outcomes and decisions taken by the Remuneration Committee and the Board.

In 2024, Zurich delivered another exceptional year of performance, driven by strong momentum in all areas of the business, positioning itself strongly at the start of the new cycle for which we have set our most ambitious targets yet.

Zurich's track record is one of continued and sustained high performance. Significant value has been delivered to our growing customer base through our investment in digital solutions to evolve our offerings. This resulted in increased customer loyalty and shareholder returns.

In 2024, the company delivered another year of outstanding financial and operational outcomes. Key performance highlights include a record business operating profit (BOP) of USD 7.8 billion, a five percent increase over the prior year, and an increase in the customer transactional net promoter score (TNPS) of 3.8 points across the Group compared with 2023.

Zurich's consistently strong performance is the outcome of the hard work and commitment of our colleagues globally, led by our highly capable leadership team, whose vision and direction have been key drivers in fueling our sustained growth and success.

The impressive execution of our 2023–2025 plan positions us well to accelerate our success story. To reflect our confidence to capture further profitable opportunities, we have launched a new three-year plan and evolved our long-term incentive targets (see the following page) to align with this new plan.

Shareholder engagement

At Zurich we are committed to listening to and incorporating feedback from our shareholders to ensure our remuneration framework aligns with our shareholders' long-term interests.

At our last Annual General Meeting (AGM), all three remuneration votes received strong majority support from our shareholders. However, the level of support was slightly lower compared with the previous year.

It is important to us that we maintain an open dialogue with investors to understand any concerns they may have regarding our executive remuneration practices.

In 2024, we undertook an additional extensive consultation exercise, meeting and connecting with both the investors representing 33.5 percent of our register and the main proxy agencies. This allowed us to listen and understand their perspectives on our approach to remuneration and disclosure. During these meetings, we discussed how we structure executive remuneration, the Remuneration Committee's consideration of compensation amounts, target setting and incentive outcomes, and the clarity of disclosure in the remuneration report.

The insightful feedback gathered from these discussions was carefully considered by the Remuneration Committee. As a result, we have sought to incorporate changes into this remuneration report to improve readability, and to provide more clarity on how we make pay decisions that ensure executive remuneration outcomes align with Zurich's performance and the investors' experience. Key updates include information on our governance process for setting targets for our short-term incentive plan (STIP) and long-term incentive plan (LTIP), the performance assessment process, and the range of STIP awards for Executive Committee (ExCo) members.

We are committed to improving our disclosure practices and ensuring that our stakeholders are well-informed about the performance considerations that go into our remuneration decisions, the related governance process and the rationale behind them.

Incentive outcomes 2024

2024 short-term incentive plan (STIP)

As a result of the record BOP achievement of USD 7.8 billion against the ambitious target set for 2024, the business performance outcome for the ExCo short-term incentives was assessed at 115 percent.

The Remuneration Committee also reviewed the performance of the Group CEO, Mario Greco, against his 2024 target card, together with assessing wider business impact and his individual performance and contribution. Mr. Greco was instrumental in leading the growth of the Group during the year and presenting a very ambitious business plan for 2025–2027, one year ahead of schedule. This is driven by the exceptional execution of the 2023–2025 plan due to consistent and strong performance during 2024, the strategic acquisitions of 70 percent of Kotak Mahindra General Insurance, now operating as Zurich Kotak, AIG's global personal travel insurance and assistance business and the launch of the first climate transition plan. After careful consideration, the Board approved a STIP award of 200 percent of the individual STIP target amount for the Group CEO, reflecting the outstanding performance achieved in 2024.

The STIP awards for all ExCo members (including the Group CEO) for 2024 range between 103–200 percent of the individual STIP target amount (within the possible range of 0–200 percent). This reflects their consistent and high performance in achieving key strategic financial, customer and people objectives across regions, business segments and functions.

In finalizing remuneration outcomes, the Remuneration Committee considered Zurich's overall performance and context during 2024 and believes that the outcomes are commensurate with Zurich's exceptional performance during the year. More details on the factors considered to determine incentives are provided on pages 86 to 88.

2022–2024 long-term incentive plan (LTIP)

As a result of three strong years during the performance period, which has been reflected in consistent growth in Zurich's share price, the 2022 LTIP award will vest at 167 percent of target in April 2025. The achievement against targets is set out on page 79, and no discretionary adjustment was applied.

Our 2025–2027 cycle and upcoming changes in the remuneration framework

Building on the continued outstanding performance of all our businesses and their impressive growth, we presented our new three-year plan for 2025–2027 at our Investor Day in November 2024. The targets have been substantially elevated, representing our ambition to deliver further exceptional growth and value to our shareholders.

To support the delivery of our 2025–2027 business plan, we are implementing the following changes to the LTIP design for the 2025–2027 period:

- While we will maintain the total weight for financial performance, we will increase the focus on the key drivers of absolute share price performance to align with shareholder interests. Therefore, we will be introducing a new financial measure relating to compound annual growth rate (CAGR) core earnings per share (EPS), which together with core average return on equity (ROE) and cumulative cash remittances make up 60 percent of the LTIP performance criteria, each weighted equally at 20 percent.
- Sustainability remains an important focus for Zurich, and we are committed to managing our broader impact. Starting in 2025, we are raising the weight of sustainability-related performance criteria from 10 to 20 percent by introducing financed emissions intensity (10 percent) as an additional performance metric to the existing operational carbon dioxide equivalent (CO_2e) emissions of the Group. This change underscores our commitment to sustainability and our role in facilitating a low-carbon economy, in line with our published climate transition plan.
- Relative total shareholder return (rTSR) will remain a key LTIP performance metric, with the weight aligned to the other metrics at 20 percent to ensure the appropriate balance across our new 2025–2027 strategic targets. The calculation of the rTSR measure remains unchanged.

Details of the measures and the vesting grid are outlined in the outlook section on page 109.

Looking ahead

We are well positioned to deliver on our ambitious 2025–2027 targets, with a competent leadership team who are aligned to our three-year plan through our robust remuneration framework, and with a strong emphasis on pay-for-performance.

We value feedback and open dialogue with our shareholders on remuneration matters. This ongoing dialogue will enable us to continue to adapt our remuneration systems and practices.

We will, based on this input, continue to enhance our disclosure practices in the remuneration report.

We trust that you will recognize our enhanced disclosures, and that you will support the three remuneration votes at the AGM 2025.

- Maximum total amount of remuneration for the Board for the next one-year period from AGM 2025 to AGM 2026;
- Maximum total amount of remuneration for the ExCo for the subsequent financial year 2026; and
- Advisory vote on the remuneration report to acknowledge an exceptional performance year.

On behalf of the Remuneration Committee, I thank you for your continued trust in Zurich.



Christoph Franz
Chair of the Remuneration Committee

200%
Group CEO STIP award for 2024 as a percentage of the individual STIP target amount (2023: 200% of target)

103–200%
Range of STIP awards for all ExCo members for 2024 as a percentage of the individual STIP target amount (2023: 120–200% of target)

167%
LTIP vesting in 2025 as a percentage of target following the 2022–2024 performance period (2024: 150%)

Remuneration report

Contents

Remuneration at a glance	**78**
Remuneration for 2024 in light of business results	78
ExCo remuneration	78
STIP 2024	79
2022–2024 LTIP vesting level	79
Board remuneration	80
Share ownership guidelines	80
Remuneration framework	**81**
Philosophy	81
Elements of remuneration	82
Performance assessment process	86
Remuneration governance	**89**
Remuneration approval framework	89
AGM remuneration votes	90
Remuneration and risk	90
Remuneration and shareholdings	**91**
Board of Directors	91
Executive Committee	95
All employees	103
Board and ExCo external mandates	**106**
Outlook	**108**
Report of the statutory auditor	**112**

This remuneration report provides information on the remuneration of Zurich as required by, and complying with, the following regulations:

- Art. 734 to 734f of the Swiss Code of Obligations.
- Point 5 to the Annex of the Directive on Information relating to Corporate Governance of the SIX Exchange Regulations.
- Circular 2010/01 on minimum standards for remuneration schemes of financial institutions issued by the Swiss Financial Market Supervisory Authority, FINMA.
- Swiss Code of Best Practice for Corporate Governance.

Remuneration at a glance

The remuneration at a glance section provides a summary of the remuneration of the Group CEO and the Executive Committee (ExCo), illustrating the link between business performance and variable pay decisions for 2024. Remuneration for the Board of Directors (Board) is also included.

For the performance year 2024, Zurich reported record performance across key financial metrics including BOP of USD 7.8 billion. The corresponding STIP awards for the Group CEO and the ExCo members highlight the Group's commitment to a disciplined pay-for-performance strategy.

Remuneration for 2024 in light of business results

Total variable remuneration for 58,798 employees across the Group in 2024 is considered in the context of Zurich's overall revenues, share capital and profitability, as shown by the following key financial figures.

Key financial figures[1]

in USD millions, for the years ended December 31	2024	2023
Insurance revenue	59,507	56,099
Business operating profit (BOP)	7,751	7,381
Net income attributable to shareholders (NIAS)	5,814	4,351
Shareholders' equity	25,472	24,860
Return on common shareholders' equity (ROE)	24.7%	18.1%
Dividends paid to shareholders[2]	4,156	3,877
Total variable remuneration for all employees gross before tax[3]	1,031	986
– as a percentage of insurance revenue	2%	2%
– as a percentage of shareholders' equity	4%	4%
– as a percentage of dividends paid to shareholders	25%	25%

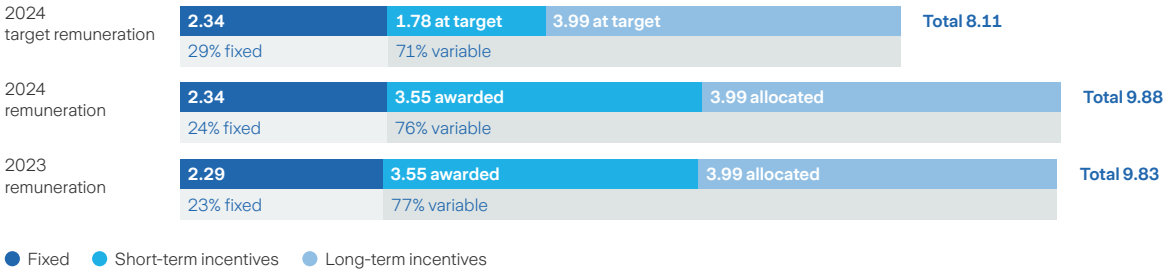
1 Applicable figures align with those presented in the consolidated financial statements.
2 Dividend at transaction day exchange rate in 2024 and 2023.
3 The corresponding amount of total variable remuneration in Swiss francs is CHF 934 million for 2024 and CHF 842 million for 2023.

As demonstrated in the above table, the total variable remuneration awarded or allocated remains relatively small in relation to Zurich's overall revenue and shareholders' equity.

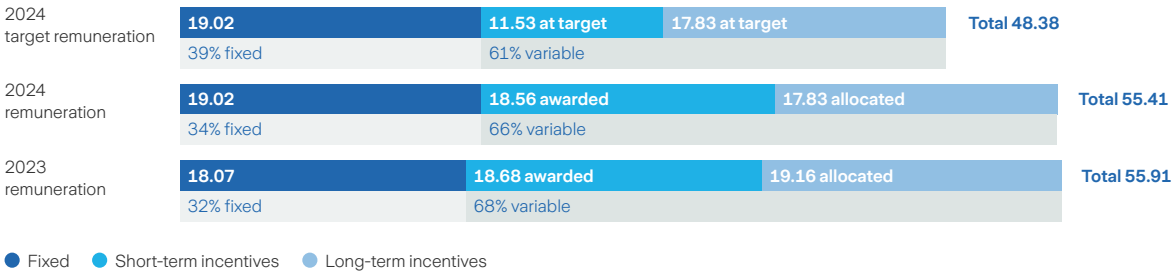
ExCo remuneration

The target remuneration structure is based on fixed remuneration, comprising base salaries, pensions and other remuneration including employee benefits, and variable performance-related remuneration at target values. The remuneration for 2024 and 2023 comprises fixed remuneration and the actual STIP award paid for the year and the LTIP target allocation which will be assessed for vesting in 2027 and 2026, respectively.

Group CEO remuneration
in CHF millions



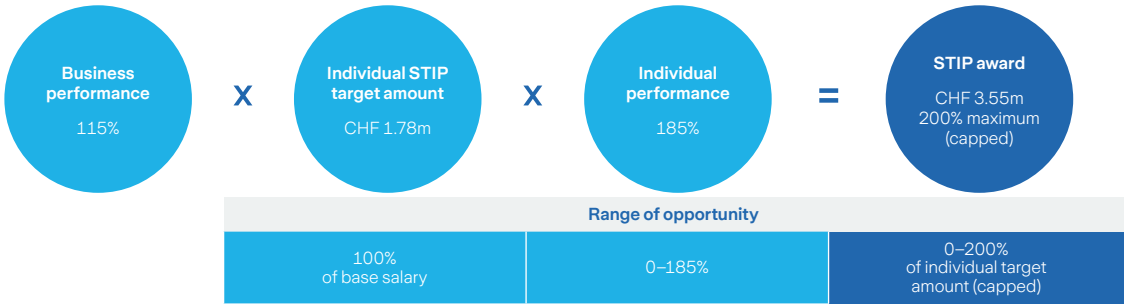
ExCo remuneration (including Group CEO)
in CHF millions



STIP 2024

In recognition of both business and individual performance achievements, the STIP awards for all ExCo members, including the Group CEO, for 2024 range between 103–200 percent of the individual STIP target amount within the possible range of 0–200 percent (2023: 120–200 percent of target). This highlights their consistent and high performance in achieving key strategic financial, customer and people objectives across regions, business segments and functions.

Group CEO STIP award calculation



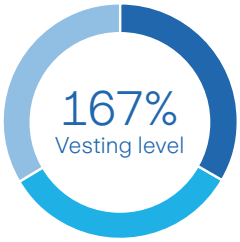
Business performance	Given the record BOP achievement of USD 7.8 billion, the Board approved a business performance outcome of 115 percent (2023: 109 percent).
Individual performance	Performance is assessed by the Board against the targets set at the beginning of the performance year, along with consideration of the execution against strategic priorities, including sustainability factors and a risk-based review of performance.

Measure category	Weight	Overall outcome
Financial measures supporting strategy execution	50%	Individual performance: Exceeded 200% of individual STIP target amount
Customers	40%	
People	10%	

Read more on the Group CEO target card: ▶ Page 97
Read more on the Group's STIP: ▶ Page 83
Read more on the performance assessment process: ▶ Pages 86–88

2022–2024 LTIP vesting level

The LTIP vesting level for the performance period ending in 2024 is 167 percent of target for all participants in the plan, including the Group CEO and all other ExCo members. Vesting will take place on April 3, 2025. This is based on the performance achievements against the vesting grid for the 2022–2024 performance period, as disclosed in the remuneration report 2022. The Board did not exercise any discretion when determining the final vesting level.



	Weight	Achievement
Relative TSR position	1/3	8th position
Average NIAS ROE[1]	1/3	18.9% p.a.
Cumulative net cash remittances	1/3	USD 16.5bn
2022–2024 LTIP vesting		
2021–2023 LTIP vesting level[2]		

Vesting grid for the performance period 2022-2024

0% vesting	50% vesting	100% vesting	150% vesting	200% vesting
18th – 13th	12th – 10th	9th – 7th	6th – 4th	3rd – 1st
		100%		
<11.75% p.a.	11.75% p.a.	14.00% p.a.	15.125% p.a.	≥16.25% p.a.
				200%
<USD 10.5bn	USD 10.5bn	USD 11.5bn	USD 12.0bn	≥USD 12.5bn
				200%
			167%	
			150%	

1 Following the transition to the IFRS 17 and 9 accounting standards as of 2023, an adjusted NIAS ROE for the 2023 and 2024 performance years was used to determine the average NIAS ROE across the performance period. Further information can be found on page 82 in the Annual Report 2023 (www.zurich.com/investor-relations/results-and-reports).
2 Vesting grid for the 2021–2023 performance period applies.

Read more on the Group's LTIP: ▶ Pages 84–85

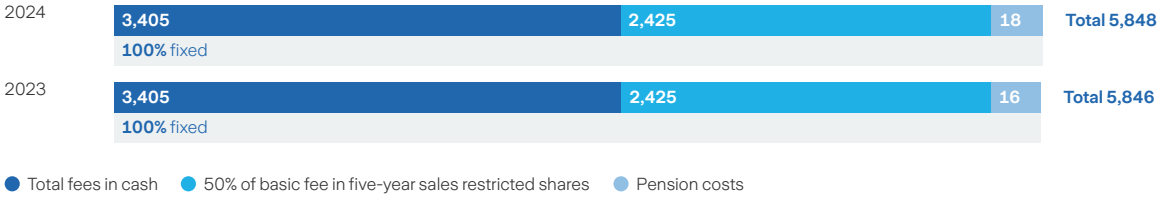
Board remuneration

Members of the Board receive fixed remuneration as an annual fee consisting of a basic fee, and committee and committee chair fees as relevant. The basic fee is paid half in cash and half in five-year sales-restricted shares which are not subject to the achievement of any specific performance conditions. The total aggregate fees also include legally required employer contributions to pension systems.

In 2024, 11 members served for the full year and two members served for part of the year. In 2023, 12 members served for the full year.

Fixed fees

in CHF thousands



Share ownership guidelines

Board and ExCo members are required to hold a significant amount of Zurich shares, aligning their financial interests with the long-term success and stability of Zurich and its shareholders. This requirement fosters a culture of ownership and accountability and demonstrates personal commitment to Zurich.

Board members	Group CEO	Other ExCo members
1 x basic annual fee	5 x annual base salary	2.5 x annual base salary

Board members achieve this requirement by obtaining part of their fee in five-year sales-restricted shares and market purchases. ExCo members achieve this through their participation in the LTIP and market purchases. Board members, the Group CEO and other ExCo members have a period of five years, starting from the date of appointment to a Board or ExCo role, to meet their ownership requirements. The Remuneration Committee monitors compliance with the share ownership guidelines on an annual basis.

At the end of 2024, all Board and all ExCo members who had served at least five years on the Board or the ExCo, respectively, met the required share ownership level.

Remuneration safeguards

Zurich's remuneration system and practices are embedded in the Group's Enterprise Risk Management framework and include key safeguards, in particular:

- Emphasis on longer-term, deferred remuneration for the most senior positions and Group key risk-takers.
- Risk-based performance assessment for the ExCo, members of the Group leadership team and Group key risk-takers.
- Variable remuneration of employees in control and assurance functions is structured to avoid conflicts of interest by linking to Group metrics, rather than the metrics of the businesses they oversee.
- Ability to apply risk adjustments and exercise malus (all participants) and clawback (ExCo and some additional participants) for variable remuneration.
- Minimum share ownership requirements for the Board, Group CEO and other members of the ExCo.

Remuneration framework

Philosophy

Zurich's employees are helping shape the organization for the future, one that delivers a positive customer experience, values and develops its people, and acts responsibly for society and the planet. Zurich's remuneration philosophy is an integral part of our overall offer to employees, supporting them in making a positive contribution to the success of the company and in achieving our goals. Based on established guiding remuneration principles, the Group strives to operate a balanced and effectively managed remuneration system providing competitive total remuneration opportunities to attract, retain, motivate and reward employees. The remuneration system and practices are embedded in the Group's Enterprise Risk Management framework and take into consideration legal and regulatory requirements, and market developments.

Guiding principles of the remuneration philosophy

The guiding principles of the remuneration philosophy, aligned to Zurich's remuneration rules, are as follows:

- The remuneration architecture is simple, transparent, applied effectively and considers the interests of key stakeholders such as customers, shareholders and employees.
- Reward decisions are made on the basis of merit – performance, skills, experience, qualifications and potential – and are free from discrimination. These principles ensure all employees have equal opportunities.
- The design, structure and level of total remuneration are aligned with the Group's risk policies and risk appetite.
- The elements of remuneration for each individual reflect appropriate internal and external factors and are tied to long-term results for individuals who have a material impact on the risk profile of the Group.
- A clearly defined performance and development approach guides employees throughout the year to achieve individual goals and exhibit behaviors in line with the Group's code of conduct, purpose and values, and this can be used to support remuneration decisions.
- Variable remuneration awards are linked to key performance factors which can include performance of the Group, countries, business units, functions, and individual achievements.
- The Group's STIP and LTIP, used for variable remuneration, are linked to appropriate performance criteria that are selected to support the execution of the Group's strategy. The total amount of variable remuneration is considered in connection with the Group's long-term economic performance and sustainability framework.
- The design of the LTIP links remuneration with the future development of performance and risk by including features for deferred remuneration, thereby encouraging participants to operate the business in a sustainable manner.
- Employees are provided with a range of benefits based on local market practices, aligned with our sustainability framework.

Pay equity

At Zurich we believe it is important for every employee to be treated in an inclusive and equitable way. The methodology we use to track our progress on achieving gender pay equity has been aligned with Equity, Diversity, and Gender Equality (EDGE) certification requirements. We conduct equal pay analyses on an annual basis in the majority of our businesses that have 100 or more employees. In addition, business units may choose to review remuneration across additional parameters such as ethnicity, LGBTQ+, disability, or full- and part-time work arrangements.

Readiness planning is underway in our business units in the EU for the European Pay Transparency Directive, which will give job applicants and employees the right to greater pay transparency and for action to be taken if there are unjustified gender pay gaps. EU member states are required to adopt the directive into local legislation ahead of implementation in 2026.

Read more on our approach to pay equity in the sustainability report:
▶ Page 198

Elements of remuneration

Total remuneration

Total remuneration for all employees may comprise fixed remuneration such as base salaries, pension benefits and other remuneration including employee benefits, and variable remuneration. The composition of total remuneration may be influenced by factors such as the scope and complexity of the role, level of responsibility, risk exposure, business performance and affordability, individual performance, professional experience, internal relativities, external competitiveness, geographic location and legal requirements. Remuneration is benchmarked around the relevant market median in clearly defined markets which can be local, regional or global, and can reflect practices in insurance, financial services or general industry, depending on the role and the market.

Fixed remuneration

Fixed remuneration encompasses base salaries, pension benefits and other remuneration including employee benefits.

Base salary

Description	Fixed pay for the role performed, to attract and retain employees. Reviewed annually.
Drivers	Can include scope and complexity of the role, level of responsibility, professional experience and geographical location, among other factors.
Range of opportunity	Generally paid within an 80–120 percent range around the relevant market median.
Eligibility	All employees
Delivery	Fixed cash

Pensions and employee benefits

Description	Employee benefits are provided to attract and retain employees, are in line with market practices and our sustainability framework, and are targeted around the market median.
Drivers	Market practice
Eligibility	Location specific
Delivery	Location-specific benefits

The Group provides a range of pension benefits to employees, which are designed to reflect local market practices. Overall benefit offerings are positioned around the relevant market median. The Group Pensions Committee provides oversight and a point of focus and coordination at the Group level in relation to the long-term financial and reputational risks relating to the Group's pension arrangements. Almost all new employees are offered defined contribution or cash balance type arrangements.

The Group also offers a range of other relevant employee benefits in line with the local market. These could be life insurance, medical coverage and flexible benefits, and may also include distinctive Zurich components. Furthermore, the Group operates several international mobility programs to facilitate the effective movement of people across the organization.

Variable remuneration

The Group's incentive plans (STIP and LTIP) are designed to provide a range of target award opportunities linked to levels of performance. Business and individual performance may result in remuneration levels above target for superior performance, and reduced levels that are below target for performance below expectations. Variable remuneration opportunities are provided to motivate employees to achieve key short-term and long-term business goals that support the execution of the Group's strategy. The incentive plans are discretionary and are regularly reviewed by the Remuneration Committee and the Board.

Short-term incentives

Short-term cash incentives enable employees to focus their performance on the achievement of key financial, customer and individual goals set at the beginning of the performance year. This is managed primarily through the Group's STIP where each participant is allocated to a relevant STIP pool, although there are also local short-term incentive plans in some countries. As a general rule, employees are only allowed to participate in one short-term incentive plan.

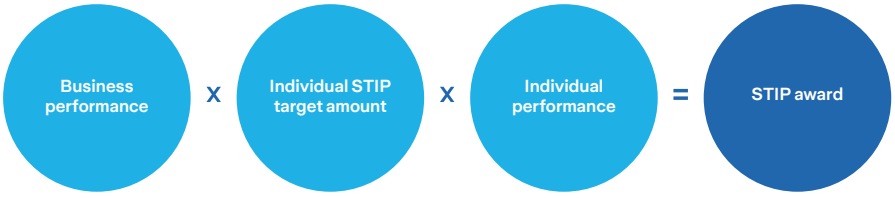
The Group's STIP is utilized across the organization and in many countries covers all employees. In some countries, based on market practice in that location, only the most senior individuals participate. For employees below a certain job level, markets also have the option to base the short-term incentive award solely on an individual's STIP target amount and the business performance of the relevant pool to which they have been allocated, provided minimum standards of individual performance and expected behaviors have been demonstrated.

Topic	Details
Description	Performance-based cash award plan
Business performance	The performance outcome against business-relevant profitability and customer metric[1] targets, including a qualitative and a risk-based assessment of performance (page 86–88). The STIP pool metrics are as follows: – ExCo: Group BOP (100%) – Other Group pools[2]: Group BOP (80%) and the overall customer TNPS (20%) – Investment management: investment results – Countries: local BOP (80–100%) and customer TNPS as applicable (20%) – Farmers[3]: growth, profitability and customer metrics – Joint ventures: relevant profitability metrics
Individual performance	Performance[4] against individual goals, as well as the expected behaviors set out in the Group's code of conduct, purpose and values determine the individual performance outcome which is assessed on a continuum along the three core performance categories. Ranges for individual performance are pre-defined for each performance category as outlined below.

Performance category	Partially met	Fully met	Exceeded
Individual performance	0–75%	80–120%	125–185%

Range of opportunity

Final individual STIP award at the end of the respective performance period is based on:



Range of opportunity		
up to 100% of annual base salary	0–185%	0–200% of individual's target amount (capped)

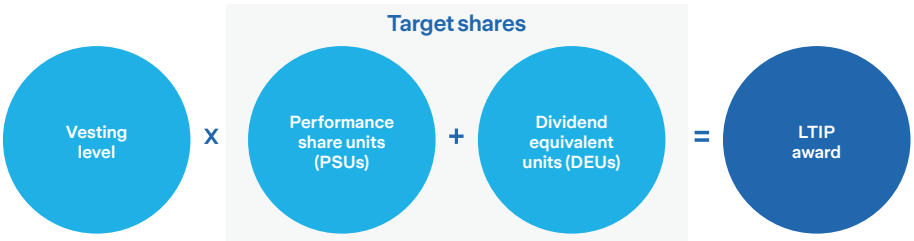
Plan duration	1 year
Eligibility	Location specific (approximately 46,000 Group STIP participants in 2024)
Clawback and malus	Clawback or malus conditions may apply for example, in cases of misconduct, violation of the Group's code of conduct or applicable laws, or where there has been a material financial restatement. – Clawback conditions apply for members of the ExCo and additional participants where required by local laws or regulations. – Malus conditions to reduce or eliminate awards are applicable to all STIP participants.

1 The transactional net promoter score (TNPS) is a global best practice standard for measuring customer experience and one of the key measures used to determine the business performance in markets where there is sufficiently robust data. Over 90 percent of STIP participants are in a pool where funding is impacted by customer satisfaction achievements.
2 Other Group pools include the wider leadership team, employees in control functions, and employees in Group and regional roles.
3 Includes a separate pool for Farmers New World Life. Farmers Group, Inc., a wholly owned subsidiary of Zurich Insurance Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services. The Farmers Exchanges are owned by their policyholders.
4 In general, all employees participate in the Group's performance and development cycle of goal setting, regular career and progress conversations and a year-end review, even if they do not participate in the Group's STIP. Certain employees might not participate in STIP or the performance and development cycle, such as those holding temporary positions.

Long-term incentives

To support the achievement of the Group's longer-term goals, long-term incentives are utilized for a defined group of Zurich's most senior positions, those that have a significant influence on the risk profile of the Group, and individuals considered suitable for participation, for example, due to market competitiveness given their skills and areas of expertise. This group generally includes the individuals with the highest levels of total remuneration. The LTIP aligns the incentives and behaviors of participants with the long-term interests of the Group and its shareholders. To further support this purpose, individual hedging of any shares of Zurich Insurance Group Ltd is prohibited.

In alignment with the Group's business strategy and risk profile, and considering established best practices and regulatory requirements, long-term incentives are provided with a deferral element that considers material risks and their time horizon. Such deferred remuneration is structured to promote the risk awareness of participants and to encourage participants to operate the business in a sustainable manner.

Topic	Details
Description	Performance-based share plan
Performance metrics	Vesting level in 2027 for the three-year performance period 2024 to 2026 will be based on: – Average core ROE (previously referred to as business operating profit after tax return on equity or BOPAT ROE) – Cumulative net cash remittances – Relative total shareholder return (rTSR) position – Operational CO2 equivalent (CO2e) emissions Further details are provided on the following page.
Range of opportunity	Final LTIP award at the end of the respective three-year performance period is based on:  **Range of opportunity** **Performance assessment** 0–200% The vesting level is based on the achievements of the performance criteria for the respective three-year performance period. This determines the percentage of target shares that may vest. **Target allocation** The number of PSUs allocated to each participant is determined by dividing the target amount (expressed as a percentage of base salary) by the closing share price on the second working day in April. Each eligible participant has an individual target amount established for the performance year. Annual target amounts: – 125–225% of base salary for ExCo – 225% of base salary for Group CEO **Alignment with shareholders' interests** DEUs accrue during the vesting period and are assessed for vesting together with the PSUs. In this way, participants are only entitled to DEUs accrued on the PSUs eligible for vesting. No DEUs are credited in the year of allocation if the allocation is made after the ex-dividend date. No dividends accrue on DEUs. **Resulting LTIP award** 0–200% of an individual's target shares.
Plan duration	3 to 6 years[1] – Target shares are subject to cliff vesting following the three-year performance period. – For ExCo members, half of the vested shares are sales-restricted for an additional three years.
Eligibility	ExCo members and a defined group of the most senior positions, including key risk-takers (1,288 plan participants as of December 31, 2024).
Clawback, malus and hedging	Clawback or malus conditions may apply, for example, in cases of misconduct, violation of the Group's code of conduct or applicable laws, or where there has been a material financial restatement. – Clawback conditions apply for members of the ExCo and additional participants where required by local laws or regulations. – Malus conditions to reduce or eliminate awards are applicable to all LTIP participants. – Individual hedging of share-based remuneration is prohibited.

1 For change of control clauses, see corporate governance report on page 37.

LTIP vesting grid for 2024–2026

The performance criteria are reviewed by the Board annually to ensure alignment with the strategic and financial targets and are agreed ahead of the commencement of the performance period. Outcomes against the predefined performance criteria following the three-year performance period determine the LTIP vesting level.

Performance criteria	Weight	0% vesting	50% vesting	100% vesting	150% vesting	200% vesting
Average core ROE	**30%**	<15% p.a.	15% p.a.	20% p.a.	21% p.a.	≥22% p.a.
	Core ROE, previously referred to as BOPAT ROE, reflects one of the financial targets in the strategy cycle. Incorporating this metric in the LTIP aligns the interests of participants and shareholders by focusing on sustainable profitability. This reinforces the importance of maintaining capital efficiency at a market leading ROE level while growing the business. Linear interpolation is used to determine the level of vesting.					
Cumulative net cash remittances	**30%**	<USD 11.5bn	USD 11.5bn	USD 13.5bn	USD 14.0bn	≥USD 14.5bn
	Cash remittances are a target demonstrating the ability of the business to convert earnings into cash. Our priorities for cash deployment remain unchanged and are dividend payments in line with our earnings and acceleration of organic and inorganic growth. Linear interpolation is used to determine the level of vesting.					
Relative TSR position	**30%**	18th–13th	12th–10th	9th–7th	6th–4th	3rd–1st
	Considers Zurich's performance in comparison with an international peer group of insurance companies. The Remuneration Committee reviews the peer group regularly to ensure that peers exhibit a strong TSR correlation and reflect the Group's business profile and geographic spread. There were no changes to the industry peer group for 2024 which is made up of the following companies: AIG, Allianz, Allstate, Aviva, AXA, Chubb, Generali, Legal & General, Manulife Financial Corp, MetLife, Munich Re, Progressive Ohio, Prudential Plc, QBE, Swiss Re, The Hartford, Travelers Cos. Inc. League table approach to vesting.					
Operational CO2e emissions	**10%**	>64,050 metric tons	64,050 metric tons	61,000 metric tons	57,950 metric tons	≤54,900 metric tons
	Supports the Group's operational CO2e emissions[1] reduction target and is based on approximately 90 percent of CO2e emissions from Zurich's operations[2]. The remaining 10 percent have been excluded from the calculation methodology used for LTIP due to time lags in the availability of data that do not align with the timing for the assessment of the LTIP vesting level. This considers facilities and data center emissions, both of which have been minimized through the use of renewable power in 2022 and onward. Reasonable assurance is sought each year[3]. Linear interpolation is used to determine the level of vesting.					

1 CO2e emissions includes carbon dioxide and the carbon dioxide equivalent of other greenhouse gases, most commonly methane (CH4), nitrous oxide (N20), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3).
2 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, third-party vendors as well as our new acquisitions, Zurich Kotak and Travel Guard, are excluded, since they were not reflected in the CO2e emissions baseline in 2019, which was used to set the LTIP target.
3 The independent assurance report can be found in the sustainability report on pages 217 to 220.

Details of the LTIP relevant for the 2025 vesting decision following the performance period from 2022–2024 can be found in the remuneration report 2022 (www.zurich.com/investor-relations/results-and-reports) and the performance outcomes are detailed in the remuneration at a glance section of this report on page 79.

Details of the LTIP for the performance period beginning in 2025 can be found in the outlook section on page 109.

Performance assessment process

Strong governance on target-setting and assessing achievements

The Remuneration Committee is committed to setting robust and challenging targets to incentivize the delivery of exceptional business performance. At the end of the performance cycle, the Remuneration Committee undertakes a comprehensive process to assess achievements versus targets, and to determine STIP pool funding, individual STIP awards, and the LTIP vesting level in the context of Zurich's overarching performance, as described below.

Qualitative and risk-based assessment of performance for both STIP and LTIP

The Board, in its sole discretion, approves the funding of the STIP pools and the LTIP vesting level, both of which link business performance to the final level of awards. In addition to the actual business performance achieved versus the targets set, the Board considers factors such as the quality of earnings, unusual or one-off items affecting results, market conditions, performance relative to peers, as well as a review of risk considerations and input from other assurance functions, provided by the Group Chief Risk Officer.

The qualitative assessment ensures that award levels are consistent with the guiding principles of Zurich's remuneration philosophy, including supporting the execution of the Group's strategy, consideration of the interests of key stakeholders and alignment with risk policies.

Determining the funding of STIP pools

1. Review and approve STIP pool metrics	The STIP measures primarily include Group, country, or business unit BOP and may include other relevant measures such as customer metrics. The TNPS is the predominant customer metric used to understand the experience of our customers. TNPS targets are proposed by the Group Customer Office as an absolute increase in the score, based on the previous year's score outcome. Prior to the beginning of the performance year, the business plan is recommended to the Board for approval, giving consideration to the Group's financial and strategic targets as well as the information provided by management.
2. Business performance assessment	After the performance year concludes, the business performance outcome for each STIP pool, as a percentage of target, is determined. BOP is assessed against the approved business plan and the TNPS outcome is compared with the initial targets set. In assessing the business results, a review of risk considerations from the Group Chief Risk Officer is taken into account.
3. Board assessment and business performance achievement	The Board, based on the Remuneration Committee's recommendation, and considering actual performance achieved against plan, the quality of earnings, unusual or one-off items, market conditions and risk assessments, approves the funding of the STIP pools, as a percentage of target (within the range of 0–175 percent of target). The final business performance outcome for each STIP pool links performance outcomes to the level of funding and also takes into account the overall Group results and a qualitative assessment of performance.

Determining the individual STIP awards for ExCo members

1. Review and approve individual targets	The individual targets for the Group CEO are set by the Remuneration Committee's recommendation and the Board's approval at the beginning of the new performance year and for ExCo members these are set by the Group CEO, following an extensive process that takes into account the strategic goals of the company and ensuring that the targets are sufficiently challenging. The targets include a balanced mix of financial, customer, people, and strategic measures, all aimed at supporting the Group's long-term business strategy and fostering sustainable performance.
2. Individual performance assessment	At the end of the performance period, in assessing individual performance, the Group CEO and all members of the ExCo, conduct a self-assessment to reflect on their performance. This is complemented by insights from Group Risk Management, together with other control and assurance functions, who provide risk, compliance and audit information on each member. The assessment process takes into account not only quantitative achievements but also qualitative factors and the perspectives of the assurance functions. Each member of the ExCo then discusses the assessment with the Group CEO, who then discusses the assessment with the Remuneration Committee.
3. Remuneration Committee assessment and individual STIP award determination	In a rigorous process, the Group CEO and the Remuneration Committee review the individual performance achievements of the ExCo, including risk and behavior aspects. The performance of the Group CEO is assessed by the Remuneration Committee without his presence. In determining the final individual target card outcomes for ExCo members, the Remuneration Committee also considers factors such as overall business performance, significant events and achievements made during the year which are not captured by the targets established at the beginning of the performance year, to ensure the outcome is aligned with shareholders' experience and reflects the individual's role in contributing to this broader performance context. The Board, based on the Remuneration Committee's recommendation, approves the final STIP awards.

Determining the LTIP vesting level

1. Review and approve performance criteria	Relevant performance criteria are set by the Board for each performance period. The Remuneration Committee regularly reviews the LTIP design and the performance criteria, assessing whether they remain appropriately aligned with the long-term interests of the Group and its shareholders, and effectively drive performance in line with Zurich's strategic priorities and evolving market conditions. As a result of the review, the Remuneration Committee proposes updates and changes on the LTIP design and performance criteria to the Board for approval.
2. Business performance assessment	After the three-year performance period concludes, the vesting level is determined based on the achievement of the predefined performance criteria. The performance achievement is assessed against each of the performance metrics established at the start of the performance period. The Remuneration Committee reviews the performance outcome against these predefined metrics and conducts an overall qualitative assessment. Based on this review, the Remuneration Committee proposes the vesting level to the Board for approval.
3. Board assessment and approval of vesting level	Following the Remuneration Committee's recommendation, the Board reviews and approves the vesting level percentage, which can range from 0 to 200 percent of target. This approval determines the percentage of individual target shares that may vest on the vesting date.

Exceptional adjustments for LTIP vesting

We recognize the importance of maintaining a transparent and well-defined process for the calculation of the incentive outcomes, while allowing the Board, and in specific cases the Group CEO, to address exceptional circumstances, and to apply consequences for conduct issues and mitigate excessive risk-taking. This is aligned with our considered and responsible approach to determining incentive award levels, and enables the consideration of any additional factors that are in the interests of shareholders, which may not be fully reflected when the performance metrics were initially established at the start of the performance cycle.

On this basis, the Board retains the right to exercise discretion when determining the overall vesting level to prevent unreasonable outcomes, reflect the financial impact of decisions taken to implement the strategy, or to deal with exceptional circumstances. In the case of LTIP, this includes adjusting the calculated vesting level by a maximum of +/–25 percentage points. No discretionary adjustment was made to the calculated vesting level for the 2022–2024 performance period.

The Group CEO holds the authority to modify individual awards by a maximum of +/–25 percentage points to the calculated vesting level based on individual circumstances, excluding adjustments for ExCo members which are determined by the Board upon the Remuneration Committee's recommendation. In exceptional cases, such as a significant breach of external rules, the Board holds the authority to adjust individual awards beyond +/–25 percentage points, including adjusting the vesting level for an individual to 0 percent.

Remuneration governance

Remuneration approval framework

The Board is responsible for the design, implementation and monitoring of the remuneration framework of the Group and its remuneration rules, which includes the remuneration governance framework, philosophy, principles, system and practices. The Remuneration Committee supports the Board in performing these duties. On an annual basis, the Remuneration Committee evaluates Zurich's remuneration rules and the remuneration architecture, including the incentive plans which are discretionary and can be terminated or modified at any time. The Remuneration Committee proposes any amendments to the Board as required.

Read more in the 'Remuneration Committee' section of the corporate governance report:
▶ Pages 53–54

In 2024, the Remuneration Committee and the Board received independent advice from an appointed lead advisor at Willis Towers Watson. The appointed lead advisor at Willis Towers Watson did not provide any other services to the Group. The Remuneration Committee reviews their mandates and fees and evaluates ongoing performance.

The Chairman, the Group CEO or other members of the ExCo are not present in the Remuneration Committee or Board meetings where decisions are made on their individual remuneration.

The remuneration approval framework is set out as follows and is an effective governance framework to align interests with shareholders:

Topic	Recommended by Board Committee	Board approval	AGM approval
Remuneration architecture	Remuneration Committee and Risk & Investment Committee	●	
Relevant chapters within the organizational rules	Remuneration Committee	●	
Zurich's remuneration rules	Remuneration Committee	●	
Total variable remuneration	Remuneration Committee	●	
STIP pool funding	Remuneration Committee[1]	●	
LTIP vesting level	Remuneration Committee[1]	●	
Remuneration report	Remuneration Committee	●	Advisory vote
Board of Directors' remuneration	Remuneration Committee	●	Binding vote
ExCo remuneration	Remuneration Committee	●	Binding vote[2]

1 Based on the performance achievements of the predefined metrics and an overall qualitative assessment.
2 The Group CEO's remuneration is approved by shareholders in aggregate with the ExCo remuneration.

AGM remuneration votes

Shareholders approve the maximum total amount of remuneration for the Board for the next one-year period from AGM to AGM and the maximum total amount of remuneration for the ExCo for the subsequent financial year (art. 18 para. 1 articles of association: www.zurich.com/en/investor-relations/our-shares/articles-of-association). In addition, shareholders are invited to express their opinion on the remuneration report through an advisory vote. Details on the votes can be found in the AGM invitation 2025 (www.zurich.com/agm) and in the respective sections of the remuneration report for the Board (page 93) and for the ExCo (page 100). Art. 18, 28, 32 and 34 of the articles of association outline the approach regarding the votes on pay, supplementary amounts for any new members of the ExCo during a period for which the remuneration for the ExCo has already been approved, performance-related remuneration for the ExCo, allocation of shares, contracts with Board and ExCo members, and loans.

Remuneration and risk

The Remuneration and the Risk and Investment Committees meet jointly once a year to discuss a risk review of the remuneration architecture and the remuneration governance framework. The assessment of risk in making reward decisions, and the ability to apply risk adjustments and exercise malus and clawback, if required, are features of Zurich's remuneration framework. Group Risk Management evaluated the remuneration architecture in 2024 and reported that the remuneration architecture does not encourage inappropriate risk-taking that exceeds the Group's risk appetite and tolerance.

To help align remuneration with the Group's risk appetite and tolerance, Group Risk Management consults with other control, governance and assurance functions to provide the Group CEO with a review of risk factors to consider when assessing overall performance for the annual funding of incentive awards. The Group CEO considers Group Risk Management's assessment, among other factors, when proposing the funding for the STIP pools to the Remuneration Committee, which in turn makes its recommendation to the Board for final approval. The Group Chief Risk Officer is available to discuss these findings with the Remuneration Committee and the Board.

All Group leadership team roles, which includes ExCo roles, are considered key risk-taker positions. The remuneration for key risk-taker positions has a greater emphasis toward long-term incentives and therefore, deferred remuneration. Group Risk Management, together with other control and assurance functions, provide risk, compliance, and audit information about each key risk-taker as part of the annual individual performance assessment of the Group leadership team, including the ExCo. This is considered when assessing performance and making reward decisions.

The variable remuneration of employees in control and assurance functions is structured to avoid conflicts of interest by linking to Group profitability metrics rather than the profitability of the business where such functions execute control and assurance activities.

At reasonable intervals, Group Audit assesses the operational implementation of Zurich's remuneration rules to verify that the remuneration architecture is adhered to across the Group.

Remuneration and shareholdings

Audited

The information provided according to art. 734a–734f of the Swiss Code of Obligations contained in the remuneration report needs to be externally audited following the audit requirements of art. 728a of the Swiss Code of Obligations. All audited sections have been highlighted accordingly.

The following section sets out the remuneration and shareholdings of members of the Board and of the ExCo, and the remuneration of all employees.

Board of Directors

Board member fees

As Zurich is a global insurance provider, its Board member fees need to be established at a level which enables the Group to attract and retain high-caliber individuals with a long-term interest in Zurich's success and reflecting the diversity of the Group's customer and employee base. To assist in determining Board remuneration, an independent advisor carries out benchmarking studies on a regular basis. Zurich aims to set the remuneration of its Board members at the relevant median levels using the Swiss Market Index (SMI) as a basis. Based on the role and the fee structure set out in the table below, fee levels are established for each member of the Board. Fees are paid in cash and shares, with half of the basic fee provided in five-year sales-restricted shares. The fees paid to Board members (including the portion provided in sales-restricted shares) are not subject to the achievement of any specific performance conditions.

All Board members of Zurich Insurance Group Ltd are also Board members of Zurich Insurance Company Ltd, and the fees cover duties and responsibilities under both boards.

Fee structure for Board members[1]

	Fee elements in cash (CHF 000)	Fee elements in sales-restricted shares (CHF 000)	Total fee structure 2024 (CHF 000)	Total fee structure 2023 (CHF 000)
Basic fee for the Chairman of the Board[2]	1,000	1,000	2,000	2,000
Basic fee for the Vice-Chairman of the Board[2]	225	225	450	450
Basic fee for a member of the Board	120	120	240	240
Committee fee[3]	80	–	80	80
Chair fee for the Audit Committee	100	–	100	100
Chair fee for the Remuneration Committee	80	–	80	80
Chair fee for the Risk and Investment Committee	80	–	80	80
Chair fee for the Governance, Nominations and Sustainability Committee	80	–	80	80

1 These amounts are for the period from AGM to AGM. The table excludes other fees for board memberships of Zurich subsidiaries.
2 Neither the Chairman nor the Vice-Chairman receive additional fees for their committee work on the Boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd.
3 Amount remains the same irrespective of the number of committees on which a Board member serves.

The committees on which the Board members serve are set out in the corporate governance report on page 42. In 2024, the Board consisted entirely of non-executive directors independent from management.

Where a Board member is also a member of one or more subsidiary boards of Zurich Insurance Group Ltd (other than Zurich Insurance Company Ltd), the Board member is entitled to an additional fee of CHF 50,000 per annum, plus CHF 10,000 per annum if they also chair an audit committee of such a board. The fee structure for subsidiary boards can be modified in certain circumstances, for example, if the additional time commitment to discharge the duties of a Board member warrants it. None of the Board members had an additional mandate in a subsidiary board of Zurich in 2024 or 2023 (other than Zurich Insurance Company Ltd).

The following tables set out the actual fees paid to Board members for 2024 and 2023. In 2024, 11 members served for the full year and two members served for part of the year. In 2023, 12 members served for the full year. The total aggregate fees, including legally required employer contributions to pension systems, amounted to CHF 5,848,443 for the calendar year 2024, which is higher due to slightly increased pension costs compared with the corresponding amount for 2023 of CHF 5,846,358.

Audited

Board member fees 2024

in CHF

	2024[1]						
	Fee elements in cash						
	Basic fee	Committee fee[2]	Chair fee[3]	Total cash	Basic fee in sales-restricted shares[4,5]	Pension costs[6]	Total fees
M. Liès, Chairman[7]	1,000,000	n.a.	n.a.	1,000,000	1,000,000	–	2,000,000
C. Franz, Vice-Chairman[7]	225,000	n.a.	n.a.	225,000	225,000	6,232	456,232
J. Amble, member	120,000	80,000	–	200,000	120,000	–	320,000
C. Bessant, member	120,000	80,000	100,000	300,000	120,000	–	420,000
A. Carnwath, member[8]	30,000	20,000	–	50,000	–	–	50,000
M. Halbherr, member	120,000	80,000	–	200,000	120,000	6,577	326,577
S. Keller-Busse, member	120,000	80,000	–	200,000	120,000	–	320,000
M. Mächler, member	120,000	80,000	–	200,000	120,000	–	320,000
K. Mahbubani, member	120,000	80,000	–	200,000	120,000	–	320,000
P. Maurer, member	120,000	80,000	–	200,000	120,000	–	320,000
J. Rafter, member[8]	90,000	60,000	–	150,000	120,000	–	270,000
J. Staiblin, member	120,000	80,000	80,000	280,000	120,000	5,634	405,634
B. Stowe, member	120,000	80,000	–	200,000	120,000	–	320,000
Total in CHF[9]	**2,425,000**	**800,000**	**180,000**	**3,405,000**	**2,425,000**	**18,443**	**5,848,443**

Board member fees 2023

in CHF

	2023[1]						
	Fee elements in cash						
	Basic fee	Committee fee[2]	Chair fee[3]	Total cash	Basic fee in sales-restricted shares[4,10]	Pension costs[6]	Total fees
M. Liès, Chairman[7]	1,000,000	n.a.	n.a.	1,000,000	1,000,000	–	2,000,000
C. Franz, Vice-Chairman[7]	225,000	n.a.	n.a.	225,000	225,000	4,202	454,202
J. Amble, member	120,000	80,000	–	200,000	120,000	–	320,000
C. Bessant, member	120,000	80,000	75,000	275,000	120,000	–	395,000
A. Carnwath, member	120,000	80,000	25,000	225,000	120,000	–	345,000
M. Halbherr, member	120,000	80,000	–	200,000	120,000	6,577	326,577
S. Keller-Busse, member	120,000	80,000	–	200,000	120,000	–	320,000
M. Mächler, member	120,000	80,000	–	200,000	120,000	–	320,000
K. Mahbubani, member	120,000	80,000	–	200,000	120,000	–	320,000
P. Maurer, member	120,000	80,000	–	200,000	120,000	–	320,000
J. Staiblin, member	120,000	80,000	80,000	280,000	120,000	5,579	405,579
B. Stowe, member	120,000	80,000	–	200,000	120,000	–	320,000
Total in CHF[9]	**2,425,000**	**800,000**	**180,000**	**3,405,000**	**2,425,000**	**16,358**	**5,846,358**

1 Amounts are gross and do not include any business-related expenses incurred in the performance of the members' services.
2 Members of a committee receive a cash fee of CHF 80,000 for all committees on which they serve, irrespective of the number. The committees on which the members of the Board serve are set out in the corporate governance report.
3 Committee chairs receive an annual fee of CHF 80,000 and the chair of the Audit Committee receives an additional CHF 20,000.
4 The shares allocated to Board members are not dependent on the achievement of performance criteria and are sales-restricted for five years.
5 As of June 16, 2024, Michel M. Liès was allocated 2,121 shares, Christoph Franz was allocated 477 shares and the other Board members were allocated 254 shares each. The last closing share price available on June 15, 2024 (CHF 471.40) was adopted to calculate the number of shares on half of the basic fee amount. Where the value of shares allocated did not equal exactly half the member's basic fee amount, the difference was paid in cash.
6 Legally required employer contributions to pension systems in line with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) were paid in accordance with the minimum required benefit for eligible members. Any personal contributions by Board members to pension systems are included in the fee amounts shown in the table.
7 Neither the Chairman nor the Vice-Chairman received additional fees for their Governance, Nominations and Sustainability Committee or the Remuneration Committee work on the Boards of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd.
8 At the AGM on April 10, 2024, John Rafter was elected as a new member of the Board and Alison Carnwath did not stand for re-election as she has reached the tenure limit of 12 years.
9 In addition, Zurich also paid legally required employer contributions to social security systems which amounted to CHF 215,208 in 2024 and CHF 246,067 in 2023. Any personal contributions by Board members to social security systems are included in the amounts shown in the table. Swiss-based Board members are eligible for selected employee benefits.
10 As of June 16, 2023, Michel M. Liès was allocated 2,336 shares, Christoph Franz was allocated 525 shares and the other Board members were allocated 280 shares. The closing share price on June 15, 2023 (CHF 428.00) was adopted to calculate the number of shares on half of the basic fee amount. Where the value of shares allocated did not equal exactly half the member's basic fee amount, the difference was paid in cash.

Audited

Remuneration and loans for current Board members

No additional remuneration was provided to current Board members during 2024 and 2023 other than what is set out earlier in this report. In 2024 and 2023, no replacement payments were made to Board members.
As of December 31, 2024 and 2023, no current Board members had any outstanding loans or credit facilities.

Remuneration and loans for former Board members

No remuneration was provided to former Board members in connection with their former role during 2024 and 2023.
As of December 31, 2024 and 2023, no former Board member had any outstanding loans or credit facilities that were granted on conditions other than the customary market conditions.

Payments and loans for parties related to Board members

No payments (or waivers of claims) outside of market practice was provided in 2024 or 2023 to parties related to current or former Board members. As of December 31, 2024 and 2023, no party related to current or former Board members had any outstanding loans or credit facilities that were granted on conditions other than the customary market conditions.

Board remuneration voting at the AGM

A summary of the total amount of remuneration paid to the Board for a one-year period from AGM to AGM, along with the respective maximum total amount of remuneration approved by shareholders, is outlined in the table below for the past two periods. The amounts provided earlier in this report relate to a calendar year whereas the amounts in the table below are for a one-year period from AGM to AGM.

Summary of fees paid to the Board over the last two periods[1]

		Fees					
Period AGM to AGM	Number of members	in cash (CHF 000)	in shares (CHF 000)	Pension costs[2] (CHF 000)	Total (CHF 000)	Maximum amount approved at the AGM (CHF 000)	Percent of votes in favor
2024–2025[3]	12	3,405	2,425	19	5,849	6,000	96.0%
2023–2024	12	3,405	2,425	18	5,848	6,000	96.8%

1 In addition to the amounts shown in this table, Zurich also pays the employer contributions to social security systems as required by law. For reference, Zurich paid an amount of CHF 215,208 and CHF 246,067 for the calendar years 2024 and 2023 respectively.
2 Legally required employer contributions to pension systems in line with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) are paid in accordance with the minimum required benefit for eligible members.
3 Includes an estimate of the employer pension costs for the first quarter in 2025 and assumes the amount of fees to be paid for the first quarter in 2025 remains unchanged.

Information on the proposed maximum total amount of remuneration for the Board for the one-year period from the AGM 2025 to the AGM 2026 can be found in the AGM invitation 2025 (www.zurich.com/agm).

Audited

Shareholdings of Board members

The shareholdings of Board members who held office in 2024 are shown in the following table for the past two years. All interests shown include the portion of shares allocated to Board members as part of their fees, shares acquired in the market and shares held by parties related to the Board members.

Board member shareholdings[1]

Number of Zurich Insurance Group Ltd shares as of December 31	Ownership of shares	
	2024	2023
M. Liès, Chairman	17,254	15,133
C. Franz, Vice-Chairman	8,648	8,171
J. Amble, member	3,631	3,377
C. Bessant, member	2,676	2,422
A. Carnwath, member[2]	n.a.	2,002
M. Halbherr, member	1,853	1,599
S. Keller-Busse, member	1,135	881
M. Mächler, member	4,179	3,925
K. Mahbubani, member	3,631	3,377
P. Maurer, member	1,449	1,195
J. Rafter, member[3]	254	n.a.
J. Staiblin, member	2,723	2,469
B. Stowe, member	1,853	1,599
Total	**49,286**	**46,150**

1 None of the Board members, including parties related to them, held more than 0.5 percent of the voting rights of Zurich Insurance Group Ltd shares as of December 31, 2024 or 2023, respectively.
2 Alison Carnwath did not stand for re-election at the AGM 2024.
3 John Rafter was elected as a new member of the Board at the AGM 2024. In addition to the above-mentioned amount of shares, he holds 420 American Depository Receipts (ADRs).

Executive Committee

ExCo remuneration

The total remuneration for ExCo members for 2024 comprises the value of base salaries, pension benefits, other remuneration including employee benefits, short-term cash incentives and the target share allocations made under the LTIP in 2024. To assist in making informed decisions regarding the remuneration structure and mix of the individual remuneration elements for ExCo members, the Board regularly conducts benchmarking studies. These studies consider relevant market practices within peer groups and internal relativities, ensuring that the remuneration structure remains competitive, aligned with industry standards and balanced from an internal equity perspective.

The core peer group is regularly reviewed by the Remuneration Committee to ensure its relevance, and the analysis is further supplemented by additional benchmarking studies as appropriate, for example, reviewing practices of large SMI companies in Switzerland or companies of a similar size in relevant local markets.

The remuneration structures and practices of a core peer group were analyzed in 2024:

AIG, Allianz, Allstate, Aviva, AXA, Chubb, Generali, Legal & General, Manulife Financial Corp., MetLife, Munich Re, Progressive Ohio, Prudential Plc, QBE, Swiss Re, The Hartford and Travelers Companies, Inc.

This peer group is comprised of companies that share significant similarities with Zurich in terms of industry, market presence, size, and global reach. Primarily, the companies included in our peer group operate within the insurance and reinsurance sectors. Additionally, the peer group includes companies that have a significant presence in key markets across the globe.

Over half of Zurich's Group BOP is currently generated in the U.S., making U.S. peers a critical benchmark for Zurich. This perspective is vital for Zurich in recruiting the right talents for the Group, as Zurich operates and competes with companies for talent in diverse regions.

Total remuneration for ExCo members

The following table shows the total remuneration in 2024 and 2023 for the highest-paid individual, who was Mario Greco, Group CEO, along with the total remuneration for all ExCo members (which includes the amounts for the Group CEO). The variable performance-related remuneration is based on STIP awarded for 2024 and LTIP target values allocated in 2024.

One-off remuneration amounts, such as replacement payments for new ExCo hires, and the amounts of contractually agreed remuneration after stepping down from the ExCo and during the notice period, are shown below the total amounts.

Regarding the remuneration of the Group CEO, no change was made to his annual base salary since the adjustment as of April 2023. Total remuneration for all ExCo members in 2024 remained similar compared with the prior year. There was no change to the overall remuneration structure of the ExCo, although specific remuneration components were adjusted for certain members to reflect performance and to support the execution of strategic objectives. The level of short-term incentive awards corresponds to performance outcomes against the targets set. The difference in pension benefits year on year relates to an increase in pension expenses following an international move. Additionally, the increase in other remuneration in 2024 compared with 2023 considers costs relating to expatriates, which is explained further in footnote 6 of the table.

Audited

Remuneration of the highest-paid individual and all ExCo members (including the highest-paid)[1]

in CHF millions, for the years ended December 31		Highest-paid individual (Group CEO)		ExCo	
		2024[2]	2023[2]	**2024[2,3]**	2023[2,4]
Fixed remuneration	Base salaries	1.78	1.76	11.52	11.69
	Pension benefits[5]	0.51	0.47	3.55	3.08
	Other remuneration[6]	0.05	0.06	3.95	3.30
Variable remuneration	Short-term incentives	3.55	3.55	18.56	18.68
	Long-term incentives[7]	3.99	3.99	17.83	19.16
Total in CHF		**9.88**	**9.83**	**55.41**	**55.91**
Total in USD[8]		**10.99**	**11.16**	**61.82**	**63.41**
in CHF million, for the years ended December 31		**2024[9]**	2023[9]	**2024[3,9]**	2023[4,9]
Other payments and share allocations[10]		–	–	2.34	–
Contractual remuneration after stepping down from ExCo until termination[11]		–	–	2.52	–

1 In addition, Zurich also paid employer contributions to social security systems for current and former members of the ExCo as required by the applicable laws where the executives are employed. These amounted to CHF 2.62 million in 2024 and CHF 2.50 million in 2023. Employer contributions to social security systems relates to the remuneration paid or allocated in the respective year based on best estimates. Since the contributions are based on full earnings, whereas benefits are capped, there is no direct correlation between the costs paid to social security systems and the benefits received by the executives.
2 Amounts are gross for the time employees are members of the ExCo during the year and do not include any business-related expenses incurred in the performance of the members' services.
3 On the basis of 14 members of the ExCo, of whom 10 served in the ExCo during the full year in 2024. See the corporate governance report for details on the ExCo members in 2024.
4 On the basis of 12 members and former members of the ExCo, all of whom served in the ExCo during the full year in 2023.
5 The total value of pension benefits accruing to ExCo members during the year, calculated on the basis of company contributions and actuarially assessed company costs of accruing benefits.
6 ExCo members receive other remuneration in relation to employee benefits, perquisites, benefits-in-kind, expatriate allowances and associated costs including tax equalization in line with the Group's global mobility policy, and any other payments due under each member's employment contract. Benefits-in-kind have been valued using market rates and certain amounts, including tax equalization, relate to the remuneration paid or allocated in the respective year, and are based on best estimates.
7 The target allocation of PSUs made in 2024 using the closing share price of CHF 478.30 on the day prior to the allocation (second working day in April).
8 The amounts have been translated from CHF to USD at the relevant exchange rates throughout the year and the cash incentive to be paid in 2025 has been translated at the year-end rate in 2024.
9 Amounts are gross and do not include any business-related expenses incurred in the performance of the members' or former members' services.
10 These are extraordinary and include payments and share allocations to compensate incentive plan forfeitures with previous employers. The amounts relate to what was committed during the respective year, regardless of when the payments are due.
11 Relates to contractually agreed remuneration for leavers for the period of employment in 2024 or 2023 as applicable, after stepping down from the ExCo and during the notice period. Such remuneration may include pro rata base salaries, short-term incentives, LTIP target allocations, pension costs, employee benefits, expatriate allowances and associated costs, including tax equalization, and may be based on best estimates. Severance payments are not paid to ExCo members.

Variable remuneration outcomes for all ExCo members

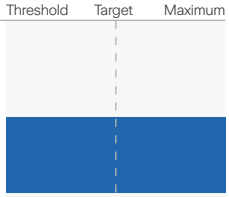
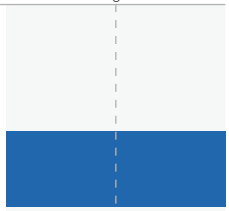
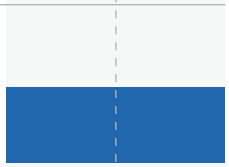
Group CEO 2024 target card assessment and STIP award

The determination of Mario Greco's target card is subject to a rigorous process to ensure the targets are sufficiently challenging. This process is outlined in more detail on pages 86 to 88, including the methods for determining STIP pool funding and individual STIP awards for ExCo members.

A summary of the Group CEO target card measures, approved as part of the target-setting process, and the respective levels of achievement, can be found below.

The formulaic outcomes derived from the financial, customer, and people metrics, while important, are not the sole factors that the Board considers when determining the STIP award. The Board also evaluates critical elements that take into account the overall business context and shareholder experience, which may include the ability to prioritize and drive the company's long-term strategic goals, contributions to fostering sustainable growth, and leadership in navigating key business challenges. The Board carefully assesses how actions and decisions align with the company's overarching vision and objectives, ensuring that the STIP award reflects not only measurable outcomes, but also the strategic value brought to the organization.

Individual assessment

			Achievement (Threshold / Target / Maximum)
Overall strategic achievements	The Group CEO successfully executed the 2023–2025 strategic plan, achieving exceptional performance and driving growth while launching a new plan for 2025–2027, one year ahead of schedule. Other key accomplishments include securing 70 percent of Kotak Mahindra General Insurance, now operating as Zurich Kotak, and AIG's global personal travel insurance and assistance business, significantly enhancing the Group's competitive positioning. Under the Group CEO's guidance, the Group also made strides in sustainability with the launch of its first climate transition plan. These achievements demonstrate a commitment to aligning strategic priorities with long-term value creation and emphasize the importance of sustainability factors.		
Category and weight	**Measures**	**Description of achievement**	**Achievement** (Threshold / Target / Maximum)
Financial measures supporting strategy execution **50%**	– Group BOP – Core ROE (previously referred to as BOPAT ROE) – EPS compound growth – Swiss Solvency Test (SST) ratio	The Group achieved a record profit and ROE, reporting a Group BOP of USD 7.8 billion, reflecting a 5% increase. The core ROE improved to 24.6%, up 1.6 percentage points. Adjusted earnings per share reached USD 42.2, indicating 10% growth. Segment performance was strong: Life division's BOP rose by 8% to an all-time high of USD 2.2 billion, the Farmers BOP remained stable at USD 2.3 billion, and P&C BOP increased by 8% to USD 4.2 billion. Additionally, the Group maintained a very strong capital position, highlighted by a notable increase in the SST ratio, which stood at 252% at year-end.	
Customers **40%**	– Transactional Net Promoter Score (TNPS) – Brand consideration	The Group achieved a 3.8 point increase in the customer TNPS, demonstrating a strong commitment to enhancing the customer experience and driving loyalty. Furthermore, brand consideration improved, with 14 out of 19 markets meeting their targets and showing progress compared to the previous year. This success can be attributed to our customer-focused strategy and targeted investments aimed at driving growth in GWP.	
People **10%**	– Engagement scores	The engagement score surpassed that of high performing companies by one percentage point and outperformed other global finance and insurance peers using the same provider, by four percentage points.	
Individual performance outcome	Overall individual performance outcome (within the range of 0–185%) is based on all achievements and the Remuneration Committee's overall assessment and recommendation, approved by the Board.		185%
Final STIP award	Final STIP award as approved by the Board is outlined on page 79.		

The Remuneration Committee recognizes that core ROE (previously referred to as BOPAT ROE) is also included in the LTIP. After careful consideration, the Remuneration Committee has concluded that this approach is appropriate as the targets under the LTIP represent more challenging long-term goals than those included in the STIP. This measure is strategically important in delivering the Group's business plan today and in the future.

ExCo target card framework and STIP awards

STIP awards for each ExCo member are approved by the Board.

Based on the business and individual performance achievements, the STIP awards for all ExCo members (including the Group CEO) for 2024 range between 103–200 percent of the individual STIP target amount (within the possible range of 0–200 percent).

Measure category	Weight
Financial measures supporting strategy execution	40–50%
Customers	40%
People/Sustainability	10–20%

Long-term incentives for all ExCo members

Aspects of the 2024 LTIP	Details
Three-year performance period	2024 to 2026
Vesting assessment year	2027
Total number of performance share units (PSUs) allocated	37,277
Value of PSUs (closing share price on day prior to allocation)	CHF 478.30
Total value of the long-term incentive target allocation	CHF 17.83 million
Vesting criteria and targets	Refer to vesting grid on page 85
Dividend equivalent units (DEUs)	May accrue during the vesting period
Individual LTIP target amount for ExCo members	125–225% of annual base salary
Range of vesting opportunity	0–200% of an individual's target shares (PSUs and DEUs)

Replacement payments

Replacement payments are only made to new ExCo hires to compensate a financial disadvantage in accordance with Swiss law. Where payments are made to new hires to replace forfeitures under the incentive plans of the previous employer, the payments try to mirror the type and timing of the forfeited payments and can include cash payments and/or awards of restricted share units (RSUs) or PSUs. Where payments are made in cash, there is typically a clawback period if the employee leaves the company voluntarily during the first two years of employment. RSUs typically vest over three to five years following the date of allocation and are also credited with DEUs during the vesting period to compensate for any dividends paid. RSUs, PSUs and associated DEUs are typically forfeited if the holder of these allocations leaves the company before the vesting date and the employment relationship terminates.

In 2024, replacement payments amounted to CHF 2.34 million for a new ExCo member who joined the Group during the year. The replacement payments comprise cash payments in 2024, 2025, 2026 and 2027, as well as RSUs vesting in 2024, 2025 and 2026. In 2023, no replacement payments were made.

Audited

Remuneration and loans for current ExCo members

No additional remuneration was provided to current ExCo members during 2024 and 2023 other than what is set out in this report. As of December 31, 2024 and 2023, no current ExCo members had any outstanding loans or credit facilities.

Remuneration and loans for former ExCo members

In 2024, one former ExCo member received contractually agreed remuneration (tax return services cost-related benefit of less than CHF 3,000), plus the legally required employer social security contributions applicable to this amount, related to this former member's prior period of employment with Zurich. No other remuneration was provided to former ExCo members in connection with their former role during 2024 other than what is set out earlier in this report.
In 2023, two former ExCo members received contractually agreed remuneration comprising amounts for outstanding base salaries, pension costs, other benefits and tax equalization related to their prior period of employment with Zurich. In addition, one of those members received remuneration for services as advisor and non-executive chairman of a subsidiary of Zurich. The total amount was CHF 0.52 million, plus the legally required employer social security contributions applicable on this amount. As of December 31, 2024 and 2023, no former ExCo member had any outstanding loans or credit facilities.

Payments and loans for parties related to ExCo members

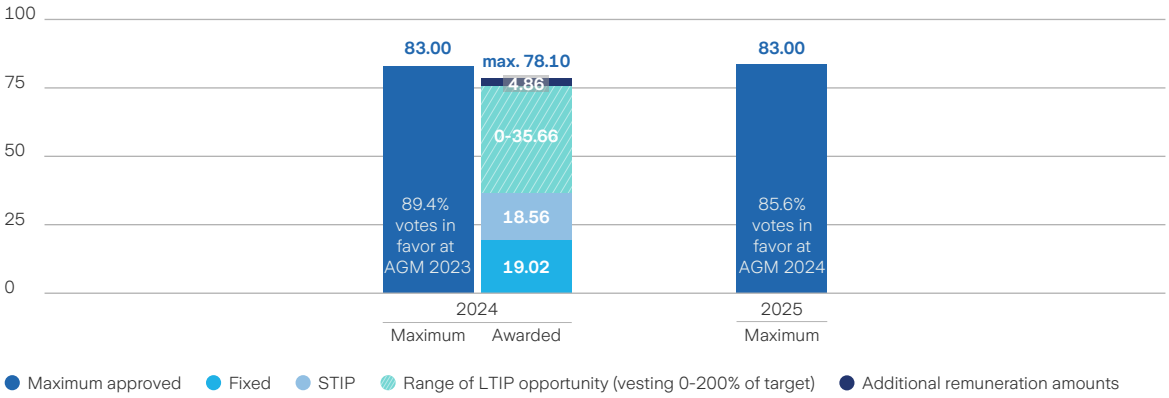
No payments (or waivers of claims) outside of market practice were provided in 2024 or 2023 to parties related to current or former ExCo members. As of December 31, 2024 and 2023, no party related to current or former ExCo members had any outstanding loans or credit facilities that were granted on conditions other than the customary market conditions.

ExCo remuneration voting at the AGM

The following chart provides an overview of the maximum total amounts of remuneration for the ExCo approved by shareholders at the last two AGMs in 2024 and 2023, along with the maximum awarded remuneration for 2024 considering the following amounts disclosed in the table on page 96:

- Actual fixed remuneration including base salaries, pension benefits and other remuneration.
- Short-term incentives awarded under the Group's STIP.
- Long-term incentives shown as the range of LTIP opportunity with possible vesting between 0 and 200 percent of the value of the target amount. The final amount will depend on the vesting level calculated in 2027 upon completion of the three-year performance period.
- Additional remuneration amounts, such as replacement payments and share allocations for new ExCo hires and contractual remuneration after stepping down and until termination for former members.

Maximum total amounts of remuneration approved and the awarded amount for 2024[1]
in CHF millions



1 LTIP amounts do not consider shareholder returns including dividend equivalents from the date of the target share allocation until the date of vesting, as well as the impact of share price and foreign exchange rate fluctuations. Zurich also pays the legally required employer contributions to social security systems which amounted to CHF 2.62 million for 2024.

Based on art. 18 para. 4 of the articles of association (www.zurich.com/investor-relations/our-shares/articles-of-association), Zurich is authorized to make payments to any member who joins the ExCo during a period for which the AGM has already approved the remuneration of the ExCo, of a supplementary amount for the period(s) in question, where the total amount already approved for such remuneration is not sufficient. The sum of all supplementary amounts may not exceed, during any one remuneration period, 30 percent of the respective total amount of approved maximum total remuneration for the ExCo.

The awarded amount for 2024, considering the maximum possible vesting of LTIP awards to be determined in 2027, does not exceed the maximum total amount of remuneration approved by shareholders at the AGM in 2023.

Information on the proposed maximum total amount of remuneration for the ExCo for 2026 can be found in the AGM invitation 2025 (www.zurich.com/agm).

Unvested share allocations of the ExCo

As of December 31, 2024, the total number of unvested target shares (PSUs and DEUs) under the LTIP was 116,868 (134,964 as of December 31, 2023) and the number of unvested RSUs was 3,247 (2,165 as of December 31, 2023). RSUs are typically used for replacement payments which are explained in more detail on page 99.

For the regular LTIP allocations made each year, the PSUs will be considered for vesting three years after the allocation, along with any DEUs that have accrued during the vesting period. For allocations made to ExCo members, half of the resulting vested shares are sales-restricted for an additional three-year period. The actual level of vesting is determined in accordance with the remuneration principles and vesting criteria set out in the remuneration report for the year of allocation.

A summary of the unvested share allocations of ExCo members as of December 31, 2024, is set out in the following table:

Summary of unvested share allocations of the ExCo as of December 31[1]

Year of allocation		Year of vesting 2025	2026	2027	Total
Target shares under the LTIP[2]	2022	37,761	–	–	37,761
	2023	–	39,631	–	39,631
	2024	–	–	39,476	39,476
RSUs[3]	2020	–	1,766	–	1,766
	2021	–	–	–	–
	2022	–	–	–	–
	2023	–	–	–	–
	2024	524	957	–	1,481

1 DEUs are credited during the vesting period and included in these amounts where they have already accrued. No further dividend equivalent shares will accrue on the DEUs.
2 At the vesting date, the original number of PSUs allocated, plus the DEUs, will be assessed for vesting in aggregate based on the performance achievements against the predefined vesting grid.
3 No performance conditions are applicable for vesting.

Audited

Shareholdings of the members of the ExCo

The shareholdings of ExCo members in 2024 are shown in the following table for the past two years. All interests shown include the number of vested shares, whether sales-restricted or not, received under the LTIP, shares acquired in the market and shares held by parties related to the members of the ExCo. The table does not include the potential share interests of ExCo members that are currently unvested.

Shareholdings of ExCo members[1]

Number of shares, as of December 31	Shares	
	2024	2023
M. Greco, Group CEO	111,436	110,898
E. Chan, Group Chief Information and Digital Officer	7,691	3,868
C. Cordioli, Group Chief Financial Officer[2]	1,870	n.a.
P. Giger, Group Chief Risk Officer	11,616	9,808
J. Howell, former CEO Zurich Global Ventures[3]	n.a.	13,029
A. Martin, CEO EMEA and Bank Distribution	24,422	20,939
L. Maurice, CEO Latin America	3,767	1,877
C. Morton, CEO Zurich Global Ventures[3]	1,280	n.a.
T. Naidu, CEO Asia Pacific	4,577	4,346
G. Quinn, former Group Chief Financial Officer[2]	n.a.	70,597
S. Signorelli, CEO Commercial Insurance	7,655	9,793
K. Terryn, CEO North America	16,765	19,731
S. van Vliet, Group Chief Investment Officer	365	161
R. Vargas, CEO of Farmers Group, Inc.	10,328	9,434
Total	**201,772**	**274,481**

1 None of the members of the ExCo, together with parties related to them, held more than 0.5 percent of the voting rights as of December 31, 2024 or 2023.
2 Claudia Cordioli was appointed Group Chief Financial Officer as an external hire effective March 1, 2024, succeeding George Quinn who stepped down from the ExCo effective February 29, 2024.
3 Jack Howell stepped down from the ExCo effective January 31, 2024 and was succeeded by Cara Morton who was appointed CEO Zurich Global Ventures as an internal hire effective February 1, 2024.

Trading plans

ExCo members may sell shares under predefined trading plans which require prior approval from the Chairman of the Board. The terms and conditions of the transactions under the trading plans must be defined and cannot be changed. Trading plans are reported to the SIX Swiss Exchange according to the rules on disclosure of management transactions. As of December 31, 2024, there were no trading plans in place. Furthermore, no trading plans were entered into in 2024 or 2023.

All employees

Remuneration of all employees

Please refer to the remuneration framework section on pages 82 to 85 which describes the key elements of remuneration and the benchmarking approach for all employees. The benchmarking analysis is mainly carried out and approved at a local level. The Group had 62,393 full-time equivalent (FTE) employees as of December 31, 2024 (59,593 in 2023).

The following section shows the total remuneration of employees across the Group (including ExCo members) for 2024 and 2023. The amount of short-term incentives includes, among others, the awards across all pools in the Group's STIP. The performance achievements against the predefined metrics for the STIP pools resulted in an overall funding level of 121 percent of the target amount for 2024 across the Group (114 percent for 2023). The value of long-term incentives includes the target shares allocated under the LTIP in 2024, which will be assessed for vesting in 2027, as well as other deferred remuneration allocated during the year.

Total remuneration for all employees

in CHF millions, for the years ended December 31		2024	2023
Fixed remuneration	Base salaries, pension benefits and other remuneration[1]	5,455	5,460
Variable remuneration	Short-term incentives[2]	763	675
	Long-term incentives[3]	171	167
Total remuneration		**6,389**	**6,302**

1 Service costs for pension benefits represent the present value of the defined benefits from pension and post-retirement benefit plans, plus employers' contributions to defined contribution plans, arising from employee service over the accounting period. The amount included in this figure for defined benefit plans is calculated using actuarial factors and can vary year-on-year as economic conditions change. These numbers are explained in greater detail in note 19 of the consolidated financial statements. Other remuneration includes amounts for employee benefits and any other payments due under employment contracts.
2 Comprises cash incentives earned for the year, including the amounts under the Group's STIP and other local short-term incentive plans which may be subject to approval by the applicable local boards. Payments such as sign-on and severance payments in cash are also included.
3 Comprises deferred equity or cash-based allocations made during the year, as well as sign-on payments in shares and other equity-based remuneration. This includes performance share unit allocations made under the Group's LTIP which will be assessed for vesting in 2027. Of this amount, CHF 170.5 million were share allocations and CHF 0.4 million were cash allocations made in 2024. The value of equity-based long-term incentives considers the share price used to determine the number of share units that were allocated.

Value of outstanding deferred remuneration

The Group's remuneration system includes instruments for the deferral of remuneration. The following table provides an overview of the overall value of outstanding deferred remuneration as of December 31, 2024 and 2023.

Value of outstanding deferred remuneration for all employees

in CHF millions, for the years ended December 31	2024	2023
Deferred cash[1]	7	3
Unvested target shares under the LTIP[2]	464	470
Unvested RSUs[2]	40	21
Vested but sales-restricted shares	79	177
Overall value of outstanding deferred remuneration	**590**	**671**

1 Outstanding deferred cash allocations under local long-term incentives or to meet local short-term incentive deferral requirements for selected roles in some jurisdictions, are valued at the relevant year-end exchange rates.
2 The deferred and unvested remuneration is valued considering the year-end share price for the relevant year. DEUs are credited during the vesting period and included in these amounts where they have already accrued. No further dividend equivalent share units will accrue on the DEUs.

Share dilution

Zurich did not issue any new shares in 2024 or 2023.

Share dilution as of December 31

		2024	2023
Share dilution	Shares issued during the year[1]	–	–
	Capital reduction under the capital band	–	(4,104,413)
	Registered shares as of December 31	146,355,754	146,355,754
LTIP	Total number of unvested target shares[2]	1,275,026	1,249,450
	– as a percentage of the registered shares	0.87%	0.85%

1 During 2024 and 2023, share-based compensation awards were funded with own shares repurchased on the market.
2 Given the vesting level of 167 percent of target for the share allocations vesting in 2025 and assuming 100 percent vesting in 2026 and 2027. For 2023 the amount represents vesting of 150 percent in 2024 with assumed vesting of 100 percent for 2025 and 2026.

Total variable remuneration

The total variable remuneration for 58,798 employees across the Group in 2024 amounted to CHF 934 million (CHF 842 million in 2023 for 56,228 employees) and included the following elements:

- The total expenditure on cash incentives to be paid for the performance year 2024 comprising the amount of the aggregated funding pools under the Group's STIP, and the amounts to be paid under local short-term incentive plans.
- The amount of share allocations and other deferred remuneration, including performance share unit (PSU) allocations under the LTIP, made in 2024.
- The total amount of sign-on payments committed in 2024, regardless of when the payments are due, for people taking up their employment in 2024.
- The total amount of severance payments committed in 2024, regardless of when the payments are due.

Commission payments made to employed sales agents are not included in the total variable remuneration amount. The sales commission plans of employed agents are not considered part of the profitability-based incentive plans. Sales commissions, like the commissions paid to a broker or other external distributors, represent a distribution cost. The employed sales agents do not generate financial risks as they are not involved in establishing the price levels for the products they sell. With regards to operational and reputational risks, in particular due to potential mis-selling, the control of these risks is addressed by the mandatory Group-wide adherence to the Zurich Enterprise Risk Management framework and the Group's code of conduct.

In determining the amount of total variable remuneration awarded or allocated, the Board considers the long-term economic performance of the Group and other relevant factors. The average economic profit is calculated by subtracting the required return on economic capital, based on the weighted average cost of capital, from the adjusted BOP (the amount before interest and variable remuneration) after tax. In this respect, the Group has continued to generate economic profit over the long term which exceeds the amount of variable remuneration awarded or allocated.

Sign-on and severance payments

The following definition and principles for sign-on and severance payments apply:

- *Sign-on payments* are payments that are agreed upon the execution of an employment contract (whether paid immediately or over time). Sign-on payments may include compensation made prior to a person joining the company and providing any services (payments in advance) or compensation for benefits foregone with a previous employer (replacement payments). Payments in advance are not paid to members of the Board or the ExCo. Any replacement payments for members of the ExCo, including the Group CEO, must be approved by the Board based on a proposal by the Remuneration Committee, and within the limits approved by the AGM and set out in the articles of association.
- *Severance payments* are provided in connection with the termination of an employment relationship. Zurich does not include under the term severance payments, garden leave or similar payments for employees in jurisdictions where such payments are required by applicable law, or where they are based on contractual notice periods which conform with recognized market practice, or where they are non-contractual, but in line with recognized market practice. However, Zurich does include garden leave or similar payments that go beyond recognized market practice, irrespective of whether these are provided pursuant to an agreement or are ex gratia. Severance payments are not paid to members of the Board or the ExCo.

The Group as a principle does not make any sign-on or severance payments. If circumstances in the Group's interest warrant such payments, these can be approved through a clear governance process. Any such payment with a value of CHF 1 million or more must be approved by the Chair of the Remuneration Committee prior to the time the employment offer is made or prior to the time the severance payment is committed to.

Sign-on and severance payments committed to key risk-takers

The following table discloses sign-on and severance payments committed to key risk-takers. Key risk-takers are incumbents of Zurich's most senior positions, and positions that have a significant influence on the risk profile of Zurich. All Group leadership team roles, which includes ExCo roles, are considered key risk-taker positions. For key risk-taker roles where the incumbent is a member of the ExCo, no payments in advance and/or severance payments have been made. Replacement payments for the ExCo in 2024 and 2023 are included where such payments were made.

Sign-on and severance payments for key risk-takers

in CHF millions, for the years ended December 31	2024		2023	
	Amount (CHF m)	**Number of beneficiaries**	Amount (CHF m)	Number of beneficiaries
Sign-on payments	4.52	4	3.99	11
Severance payments	0.01	1	0.00	–

Impact on net income in 2024 and 2023 from remuneration made in prior years

The LTIP vesting level determines the actual number of shares to be awarded to participants relative to the target shares initially allocated. Differences in value between the initial estimated amount expensed in the income statement for the LTIP and the actual shares vesting are reflected in the consolidated income statement in line with accounting principles. For the 2022 plan with shares vesting in 2025, there was no impact in the 2024 income statement as actual performance was in line with original estimates. In 2023, there was an increase of USD 44 million to the expense recognized in the income statement to reflect adjustments due to actual performance for the 2021 plan.

Board and ExCo external mandates

In line with art. 734e of the Swiss Code of Obligations and art. 33 of the articles of association (www.zurich.com/investor-relations/our-shares/articles-of-association), the table below contains any membership held by Board members and ExCo members as of December 31, 2024 in any comparable function in other companies with an economic purpose. Mandates in different legal entities of the same group and mandates in legal entities closely associated with the group are deemed one mandate (see art. 33 para. 3 of the articles of association) and marked with '*'. New mandates in 2024 compared to 2023 are marked with '**'.

In addition, the corporate governance report contains the CVs of the Board members (pages 46 to 49) and the ExCo members (pages 62 to 65). These CVs take into account the rules set forth in the SIX Exchange Regulation Directive on Information relating to Corporate Governance and may include other engagements not disclosed in the tables below.

Audited

Board of Directors[1]	Art. 33 para. 1 of the articles of association Maximum 8		Art. 33 para. 2 of the articles of association Separate mandate limitations as noted below apply		
	Mandates in unlisted companies	Mandates in listed companies	Mandates exercised on behalf of Zurich Insurance Group Ltd or a Group company in legal entities not affiliated with the Group	Mandates in associations, professional or trade organizations, foundations, pension foundations, educational institutions and similar organizations	Mandates in structures managing the personal or family's assets of Board members and/or their related persons
	Maximum 5–8 depending on number of mandates in listed companies	**Maximum 3**	**Maximum 5**	**Maximum 5**	**Maximum 5**
Christoph Franz	– Advisory board member/industrial partner, Rantum Equity Participation GmbH & Co. KG – Vice-Chairman of the Board of Directors, Artemis Holding AG**	– Board member, member of the compensation committee, Chugai Pharmaceutical Co., Ltd. – Board member, chair of the nomination and compensation committee, Stadler Rail Ltd.		– Foundation board member, Ernst Göhner Foundation	
Joan Amble		– Board member, member of the audit committee, Booz Allen Hamilton Holding Corporation – Board member, member of the audit committee, Spire Global, Inc.			– Founder and president, JCA consulting, LLC
Michael Halbherr	– CEO, ABB e-mobility Holding AG – Chair of the supervisory board, German Bionic Systems GmbH				– Chair of the board, Bergfuchs AG
Sabine Keller-Busse	– President of the executive board, UBS Switzerland AG*	– Group executive board member, president personal & corporate banking and president UBS Switzerland, UBS Group AG*		– Chair of the foundation board, Pensionskasse der UBS	
Monica Mächler		– Board member, chair of the audit and risk committee, Cembra Money Bank AG			
Kishore Mahbubani	– Chair of the board, Aggregate Asset Management Pte Ltd.	– Board member, chair of the board sustainability committee, Wilmar International Limited			
John Rafter					– Sole member of East Columbia RE LLC**
Jasmin Staiblin	– Chair of the supervisory board, chair of the personnel committee and mediation committee, Rolls-Royce Solutions GmbH* – Chair of the supervisory board, chair of the audit committee, presidential committee and mediation committee, Rolls-Royce Power Systems AG*	– Board member, member of the audit committee, NXP Semiconductors N.V.			– Board member and managing director, condir AG

1 As of December 31, 2024, Michel M. Liès, Catherine Bessant, Peter Maurer and Barry Stowe did not hold any mandates which fall under the disclosure requirement of art. 734e of the Swiss Code of Obligations.

Audited

Executive Committee[1]	Art. 33 para. 1 of the articles of association Maximum 4		Art. 33 para. 2 of the articles of association Separate mandate limitations as noted below apply		
	Mandates in unlisted companies Maximum 3–4 depending on number of mandates in listed companies	Mandates in listed companies Maximum 1	Mandates exercised on behalf of Zurich Insurance Group Ltd or a Group company in legal entities not affiliated with the Group Maximum 5	Mandates in associations, professional or trade organizations, foundations, pension foundations, educational institutions and similar organizations Maximum 5	Mandates in structures managing the personal or family's assets of ExCo members and/or their related persons Maximum 5
Tulsi Naidu		– Board member, member of the audit, risk and compliance committee and nomination and remuneration committee/corporate social responsibility committee, Wipro Limited			
Kristof Terryn					– Director (sole proprietor), Terryn Investments B.V.

1 As of December 31, 2024, Mario Greco, Ericson Chan, Claudia Cordioli, Peter Giger, Alison Martin, Laurence Maurice, Cara Morton, Sierra Signorelli, Stephan van Vliet and Raul Vargas did not hold any mandates which fall under the disclosure requirement of art. 734e of the Swiss Code of Obligations.

Outlook

The Remuneration Committee reviews the Group's remuneration framework, system and practices annually to support the execution of the Group strategy. Stakeholder feedback, market practices, as well as risk, legal and regulatory considerations form part of the review process.

The following table outlines key topics discussed during 2024 and the decisions made by the Board for enhancements effective as of 2025.

The changes to our incentive plans are designed to align with the new business plan.

Topic	Details
Board	No changes are proposed to Board fees for 2025.
Group CEO	The base salary for the Group CEO will be increased by 7% to CHF 1.90 million (2024: CHF 1.78 million) with effect from April 1, 2025. The Group CEO's salary has not been increased since April 2023; giving an average base salary increase over the past two years of 3.5 percent. The annual STIP and LTIP targets, as a percentage of the annual base salary, will remain unchanged.
ExCo	No changes are proposed to the overall structure of ExCo remuneration in 2025, although specific remuneration components may be adjusted for certain members. Relevant individual performance targets for 2025 are set to support the execution of the strategy, while also considering risk and behavior aspects.
STIP 2025	Group BOP remains a key measure for Zurich and will continue to be used as a main driver for the funding of STIP pools. For the 2025 performance year, the Board has approved the following changes: Business performance metrics Country property and casualty (P&C) BOP targets will exclude impact on net investment results to ensure the clear separation of duties between the business and Group Investment Management. Increased flexibility in the determination of individual performance outcomes In alignment with our commitment to continuous improvement, we are introducing more flexibility in the determination of individual performance outcomes starting from the performance year 2025. Individual performance outcomes can now be determined within an expanded range across the three performance categories (partially met, fully met, exceeded). This adjustment is designed to more effectively support and recognize the valuable contributions of our employees.

Performance category	Partially met	Fully met	Exceeded
2024 – Individual performance	0–75%	80–120%	125–185%
2025 – Individual performance	0–85%	70–130%	115–185%

Topic	Details
LTIP 2025–2027	To align with the new business plan, the Board has approved the following changes to the Group's LTIP, effective from the performance period 2025–2027:

Enhanced financial performance metrics

We are maintaining the 60 percent total weight for financial and absolute return performance metrics while introducing compound annual growth rate (CAGR) core earnings per share (EPS) as a new financial performance metric, weighted at 20 percent. This additional metric focuses on the key and critical drivers of absolute share price performance to align with shareholder interests. To accommodate the inclusion of CAGR core EPS, we are aligning the weight of average core return on equity and cumulative cash remittances from 30 to 20 percent each. This adjustment prioritizes the key metric that drives absolute share price performance, while still maintaining our capital efficiency and cash conversion targets.

Greater emphasis on absolute shareholder returns

Relative total shareholder return (rTSR) will remain a key LTIP performance metric, with its weighting changed from 30 to 20 percent to create room for an increased focus on generating absolute shareholder returns (i.e., earnings and dividend growth) as well as increasing the alignment with the Group's sustainability ambitions. This will ensure an appropriate balance across the financial metrics aligned to our new 2025–2027 targets.

The Board acknowledges shareholders' feedback on the vesting threshold for the rTSR performance measure. The threshold vesting level reflects both market practice within SMI companies which have a rTSR measure and acknowledges that Zurich's level for maximum vesting is more ambitious than the majority of its TSR peers. The Board therefore consider that this approach continues to be appropriate, and all attributes of how we measure rTSR therefore remain unchanged.

Increased focus on sustainability

We are increasing the importance of climate-related performance criteria from 10 to 20 percent, allocating 10 percent weight for the newly added financed emissions intensity and 10 percent for the existing operational CO_2e emissions. Financed emissions intensity is defined as metric tons of CO_2e emissions per USD million invested of Zurich Insurance Group's listed equity and corporate bond holdings. This ratio is influenced by the investee company's decarbonization efforts, Zurich's portfolio decisions, and changes in financial market conditions. In addition, we are refining the operational CO_2e emissions target approach. The operational CO_2e emissions LTIP targets for the previous two cycles were originally set without sufficient consideration for business growth. With two major acquisitions concluded in 2024, we are adapting this LTIP target to reflect a more normalized position that allows for absorption of growth activities and reflects new standards in business behavior which have evolved since the pandemic. We are therefore expressing the operational CO_2e emissions metric on a per full-time equivalent (FTE) basis.

This change underscores our commitment to sustainability and our role in facilitating a low-carbon economy. The absolute reduction target of CO_2e emissions will remain applicable for the 2023–2025 and 2024–2026 LTIPs.

Each of the performance criteria is assessed independently over a three-year performance period.

The LTIP vesting grid for the 2025–2027 performance period:

Performance criteria	Weight	0% vesting	50% vesting	100% vesting	150% vesting	200% vesting
CAGR core EPS (per annum)	20%	<6%	6%	**9%**	9.5%	≥10%
Average core ROE[1] (per annum)	20%	<15%	15%	**23%**	24.5%	≥25.5%
Cumulative net cash remittances (in USD)	20%	<15bn	15bn	**19bn**	20bn	≥21bn
Relative TSR position (rank)	20%	18th–13th	12th–10th	**9th–7th**	6th–4th	3rd–1st
Operational CO_2e emissions[2] (in metric tons per FTE)	10%	>1.40	1.40	**1.33**[3]	1.26	≤1.20
Financed emissions[4] (intensity per annum)	10%	>–50%	–50%	**–53%**[5]	–54%	≤–55%

1 Average core ROE is equivalent to average BOPAT ROE.
2 Based on ~90 percent of scope 1, 2 and 3 (upstream) operational emissions; the remaining emissions (electricity, heating and waste) are excluded due to time lags in the availability of data.
3 The 100 percent vesting level is a linear projection of the trajectory to the 70 percent target reduction in total operational emissions for 2029.
4 2027 target for listed equities and corporate bond holdings as measured per year-end 2027 vs 2019 baseline. Reflecting the reduction of emissions intensities (scope 1 and 2), defined as metric tons CO_2 equivalent per USD million invested.
5 The 100 percent vesting level is a linear projection of the trajectory to the 55 percent target reduction in financed emissions intensity for 2030.

In 2025, the Remuneration Committee will continue to engage in dialogue with investors, proxy advisers and other stakeholders on the matters of remuneration and disclosure.

In addition, shareholders are invited to express their opinion on the remuneration report 2024 through an advisory vote at the AGM 2025. They also have the opportunity to approve the maximum total amount of remuneration for the Board for the one-year period from the AGM 2025 to the AGM 2026 and for the ExCo for the financial year 2026, in the binding votes. More information on these votes can be found in the AGM invitation 2025 (www.zurich.com/agm) and in the relevant sections of this report.

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

Report of the statutory auditor

Shape the future with confidence

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the General Meeting of
Zurich Insurance Group Ltd, Zurich

Zurich, February 19, 2025

Report of the statutory auditor on the audit of the remuneration report

Opinion

We have audited the remuneration report of Zurich Insurance Group Ltd (the Company) for the year ended December 31, 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the attached remuneration report complies with Swiss law and the Company’s articles of association.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the remuneration report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked “audited” in the remuneration report, the consolidated financial statements, the financial statements and our auditor’s reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Shape the future with confidence

Board of Directors' responsibilities for the remuneration report
The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Isabelle Santenac
Licensed audit expert
(Auditor in charge)

Yana Töngi
Licensed audit expert

Sustainability report

119 Sustainability report

Sustainability is everyone's business. At Zurich, we continue to integrate sustainability into what we do.

Executive message on sustainability

Sustainability is *everyone's* business

Sustainability matters to us at Zurich not least because the effects of climate change are all around us. For that reason, 2024 proved a seminal year with the publication of our first Climate Transition Plan. The Plan outlines how we intend to achieve our ambition, announced in 2019, to become a net-zero business by 2050. In that sense, it reflects both change and continuity, and a stage on our net-zero journey.

Furthermore, climate change mitigation and adaptation remain the most significant sustainability topics for our business. We use our expertise to help companies, cities and communities better understand, prevent and reduce risks before they materialize, while also supporting them to build back better after loss and damage. In 2024, we further integrated resilience insights into our insurance business and continued to grow Zurich Resilience Solutions (ZRS), our specialized risk advisory business.



"Climate change mitigation and adaptation remain the most significant sustainability topics for our business."

Mario Greco
Group Chief Executive Officer

We gained further insights from conducting our first double materiality assessment based on the Corporate Sustainability Reporting Directive. When it comes to prioritizing and shaping strategy, it's vital to understand not only how our activities impact people and the environment but also how sustainability issues affect our business and performance.

Across our three focus areas – Planet, Customers and People – we tracked further progress in 2024. For example, we exceeded our 2025[1] emission reduction targets for listed equity and corporate bonds, not to mention real estate which has already reached its target one year ahead of target year. What's more, we expanded our financed emissions measurement for our proprietary investments adding sovereign bonds to the portfolio coverage.

Insurance can play a key role in supporting sustainable development. For that, our sustainable solutions need to deliver impact. We are working toward developing a portfolio of solutions that help lower carbon emissions and close protection gaps. In doing so, we expand the reach of the insurance safety net, and enhance the resilience of customers and communities to the financial impacts arising from unexpected events. Notably, in 2024, revenue from sustainable solutions increased by 25 percent.

While the long-term environmental and social impacts of artificial intelligence (AI) are still unknown, the insurance industry, like others, needs to balance the risks and opportunities in the design, development and deployment of these technologies. We therefore updated our data commitment to address the responsible use of AI this year.

None of the above would be possible without the right capabilities and culture. We need the best people in the market equipped with the right skills. Expanding sustainability expertise across the Group is a priority as is the focus on long-term employability. We have already taken important decisions in this area and will drive our efforts forward. People sustainability is an enabler for our business success. Attracting, developing and retaining talent in our core business will become even more important in the future.

Sustainability is everyone's business. At Zurich, we continue to integrate sustainability into what we do.



Mario Greco
Group Chief Executive Officer

Sustainability performance highlights 2024

Planet

-54%
Target achieved
Reduced intensity in financed corporate CO2e emissions
2023: -43%
Target 2025:[1] -25%

-30%[2]
Target achieved one year early
Reduced intensity in financed real estate CO2e emissions
2022: -25%
Target 2025:[1] -30%

65%
Target achieved
Engage with companies that produce 65 percent of financed emissions that have not set science-based targets
2023: 60%
Target 2025:[1] 65%

New target set
Reduction of insurance-associated emissions intensity[3]
Target by 2030:[4] -20%

-69%
Reduction in CO2e emissions from our own operations[5]
2023: -67%
Target by 2025:[4] -60%

Customers

USD 1.7bn
Sustainable revenues
2023: USD 1.4bn
Target by 2025:[4] Annual increase

3.7 point
Increase in our Global TNPS
2023: 4.3 point

79.4%
Customer retention Retail
2023: 81.6%

90.6%
Customer retention CLP
2023: 93.5%

88.2%
Premium retention CI
2023: 88.6%

People and suppliers

72.8%
Internal hires
2023: 73.4%
Target by 2025:[4] Annual increase

57.5%
Female share of promotions
2023: 50%

32.1%
Female share in senior management
2023: 30.3%

50%
Female share on the Executive Committee
2023: 33.3%

59.4%
Our managed procurement spend (MPS)[6] with suppliers who have set science-based targets[7]
2023: 52.1%
Target by 2025:[4] 75%

Leader status
Supply Chain Engagement Leader status by CDP for the second year running
2023: Leader status

1 Target 2025 is always defined as using year-end 2024.
2 Real estate emissions are only available with a four-quarter lag. Emissions in 2024 will be reported in the 2025 sustainability report.
3 In our large corporate customer portfolio (base year 2022). Determined by scope 1 and 2 for our customers' emissions using the PCAF IAE methodology for commercial lines, covering customers with revenues greater than USD 1 billion.
4 Target by 2025 is always defined as using year-end 2025. Target by 2030 is always defined as using year-end 2030.
5 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, third party vendors as well as our new acquisitions Zurich Kotak and Travel Guard are excluded since they were not reflected in the CO2e emissions baseline in 2019.
6 MPS means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations. According to the 2023 baseline of managed procurement spend, excluding suppliers no longer active in the year of reporting.
7 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions.

Sustainability performance highlights 2024 (continued)

Planet

35%
Ambition achieved one year early
Green certified buildings in total real estate
2023: 23%
Target by 2025:[1] 30%

3.9m
Avoided metric tons of CO2e emissions per year through impact investments
2023: 4.5m
Ambition per year: 5.00m

5.3%
Target achieved one year early
Share of total invested assets in impact investments
2023: 4.6%
Target by 2025:[2] 5%

New 2030 interim targets
Financed emission targets set for listed equity & corporate bonds and real estate

5.3m
People benefited by positive contribution to their lives and livelihoods
2023: 4.6m
Ambition per year: 5.00m

Impact investment awards winner
(Re-) Insurer of the year by Environmental finance
Responsible investor of the year – (Re-) Insurer by Insurance Asset Risk

USD 10.4bn
Climate solutions investments
2023: USD 9.3bn
Target 2025:[2] annual increase

New target set
By 2030 engage with 450 of our large insurance customers who contribute most heavily to our portfolio emissions

Customers

USD 644.2m
Revenues from energy efficiency and low-carbon technologies
2023: USD 424m

1.7 point
Increase in our claims TNPS
2023: 1.2 point

99.8%
Information Security Awareness training completion rate
2023: 99.6%

People

1% point
Engagement compared to high performing companies
2023: 2% points

18.9 hours
Average learning hours per employee
2023: 20.2 hours

USD 644
Average learning spend per employee
2023: USD 644

12.9%
Employee turnover
2023: 14.3%

99.99%
Code of Conduct completion rate
2023: 99.99%

Suppliers

73%
Our MPS[3] with suppliers that meet or exceed the key expectations of our SCOC[4]
2023: 72.2%

51.9%
Our MPS[3] with suppliers who have set net-zero targets[5]
2023: 49.4%
Target by 2025:[1] 75%

1 Target by 2025 is always defined as using year-end 2025. Target by 2030 is always defined as using year-end 2030.
2 Target 2025 is always defined as using year-end 2024.
3 MPS means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations. According to the 2023 baseline of managed procurement spend, excluding suppliers no longer active in the year of reporting.
4 Our SCOC is available on our website: www.zurich.com/en/sustainability/governance-and-policies/-/media/project/zurich/dotcom/sustainability/docs/sustainable-sourcing-supplier-code-of-conduct-2021.pdf?v=4
5 We consider a supplier to have net-zero targets when their net-zero target is approved by the SBTi, a similar scientifically accredited body or otherwise has a public target to neutralize any residual scope 1 and 2 emissions.

Sustainability report

Contents

1	**Introduction and strategy**	**120**
1.1	Our approach to sustainability	124
1.2	Climate transition plan	125
1.3	Our targets and ambitions	129
1.4	Our exclusions and positions	131
1.5	Stakeholder overview	132
2	**Governance**	**134**
2.1	Governance around climate-related risks and opportunities	135
2.2	Impact of climate-related performance on remuneration	136
3	**Our planet**	**137**
3.1	Strategy	137
3.2	Risk management	157
3.3	Targets and metrics	159
4	**Our customers**	**180**
4.1	Customer experience and customer-centric solutions	180
4.2	Customer attraction and retention	185
4.3	Fair and transparent advice	186
4.4	Digital confidence & trust	187
5	**People**	**191**
5.1	Our people	191
5.2	Prevention of bribery & corruption	199
5.3	Human rights	201
5.4	Sustainable sourcing	203
5.5	Responsible tax	203
5.6	Community investment	205
6	**Appendix**	**206**
6.1	Our yearly progress on our targets and ambitions	206
6.2	Material topics and subtopics reference table	208
6.3	TCFD reference table	209
6.4	Emissions profile	210
6.5	Career level distribution of our workforce	212
6.6	Swiss legal requirements (CO Art. 964b)	213
6.7	Assurance scope visualization	213
7	**Independent assurance report**	**217**

All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not always add up to the rounded total. Other numbers, e.g., full time equivalent employees are shown with absolute values. All ratios are calculated using the underlying amounts rather than the rounded amounts.

1. Introduction and strategy

Sustainability is a long-term endeavor.

As an insurer, we[1] believe our relationship with our customers, the planet and its people are key to future success in sustainability. We have continued to increase our focus on sustainability through the release of our first climate transition plan that outlines how we are going to execute on our ambition to become net-zero by 2050 across our insurance business, investments and operations, and contribute to the wider society in our role as an insurer. We have conducted our double materiality assessment in line with the Corporate Sustainability Reporting Directive (CSRD).

> We have published our climate transition plan, further pursuing tangible change in our organization to meet our targets. Measuring and transparently reporting on our progress against this plan demonstrates our continued commitment to positive action and change, supporting a brighter long-term future for all stakeholders.



Linda Freiner
Group Chief Sustainability Officer (Group CSO)

Our journey on sustainability reporting has developed from our determination to provide clear, comprehensive and high-quality information on our performance against key sustainability indicators,[2] coupled with increased focus from governments and stakeholders, as well as the progression of standards and frameworks on what and how to report on sustainability.

We have moved from first-time reporting to enhanced coverage of the requirements from the Sustainability Accounting Standards Board (SASB), World Economic Forum's International Business Council (WEF IBC) and the Task Force on Climate-related Financial Disclosures (TCFD) frameworks. We incorporated the requirements of the Swiss Code of Obligations on non-financial reporting, obtained reasonable assurance on environmental key performance indicators (KPIs) and, in early 2024, we received the advisory vote from our shareholders on the sustainability report 2023 at our annual general meeting. In addition, this sustainability report includes enhancements such as our first **climate transition plan** in line with the requirements from the Swiss Ordinance on Climate Disclosures, as well as an increase in scope for assurance (please see appendix 6.7 for further details).

Figure 1
Our sustainability reporting journey

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Progress of our sustainability report (part of the Annual Report)	– **SASB & WEF**: first-time partial reporting. – **TCFD**: first performance of climate risk scenario assessment. – Reporting on Zurich's sustainability pillars. – New KPIs developed and measured: e.g., sustainable revenues. – **Limited assurance** received on most material KPIs.	– **SASB & WEF & TCFD**: enhancement across frameworks. – **Expansion** of climate risk scenario assessment and disclosure of additional asset classes. – Additional KPIs mainly capturing Investment management, claims, digital trainings, procurement. – **Reasonable assurance** received on **environmental KPIs**.	– Compliance with new requirements under the Swiss CO on non-financial reporting. – SR **advisory vote at the AGM 2024**.	– Compliance with the Swiss Ordinance on Climate Disclosures including **transition plan and TCFD (already reported)**.	– For SR 2025 we are assessing the inclusion of **CSRD[3] for the entire Group**, in addition to Swiss Ordinance on Climate Disclosures.
Relevant regulatory developments	– FINMA disclosure requirements on climate risk apply.	– FINMA guidance on climate risk disclosures applies.	– New requirements under the Swiss CO on non-financial reporting apply.	– TCFD and transition plan – mandatory under the Swiss Ordinance on Climate Disclosures.	

SR: Sustainability Report
SASB: Sustainability Accounting Standards Board - standard for the insurance industry
WEF: 21 core metrics World Economic Forum - Stakeholder Capitalism Metrics
Swiss CO: Swiss Code of Obligations
TCFD: Task Force on Climate-related Financial Disclosures
AGM: Annual General Meeting

1 Comprising Zurich Insurance Group Ltd and its subsidiaries, the Group or Zurich.
2 www.zurich.com/sustainability/strategy-and-reporting/reporting/sustainability-report
3 CSRD is a regulatory framework within the European Union aimed at enhancing and standardizing sustainability reporting.

We continue to see a challenge in the interoperability between different standards in various jurisdictions, and divergence in decisions from governments on which standard they adopt, or the basis for the creation of their own legal requirements. As reporting requirements increase, companies are having to further invest in the resources and skill sets, whilst balancing this with a need to maintain and increase concrete actions toward sustainability. Reporting can be a valuable catalyst for change, but only when integrated into actionable decisions will it pave the way for a sustainable future, where transparency fuels progress and tangible results become evident. In all this, we continue to be guided by our Sustainability Framework[1] focusing on our customers, our planet and its people as the cornerstones to build a resilient organization that responds to the needs of our time and those arising in the future.

Basis for presentation

This sustainability report is based on emerging regulations and legal requirements (Swiss Code of Obligations and Swiss Ordinance on Climate Disclosures), with adherence to the SASB standard, reporting frameworks (TCFD and WEF IBC), and good practices, providing insights into the most material topics for our business and stakeholders. It adheres to the 'disclose or explain' approach, presenting all significant indicators directly in the sustainability report, labeled by the corresponding sustainability focus areas and reporting standard.

We cover data from January 1 to December 31, 2024, unless stated otherwise, with some data collected and reported earlier in the year. Where data is extrapolated to produce an annualized view (based on our methodology), this is indicated by footnotes in the respective tables. We provide detailed index tables[2] related to SASB and WEF IBC on our website, alongside references to the Global Reporting Initiative (GRI), and our position with reference to Bloomberg's Gender Equality Index.

Indicators discussed in this sustainability report are labeled to identify the sustainability impact area framework or standard, to which the reporting is linked. Please note that indicators might impact several areas across environment, social and governance. In this case, we highlight the most relevant impact area or areas as in some cases more than one of the impact areas will have the same level of importance and relevance.

Legend of icons used

External frameworks and our standards					Impact area		
TCFD	WEF IBC	SASB	Global Reporting Initiative	Zurich Sustainability Framework	Environmental impact	Social impact	Governance impact

1 www.zurich.com/sustainability/strategy-and-reporting/strategy
2 www.zurich.com/sustainability/strategy-and-reporting/reporting/sustainability-report

Selected 2024 sustainability highlights

We highlight some of the sustainability actions and outcomes that we have accomplished in 2024.



Turning to algae to achieve net-zero

Zurich has signed a pre-payment contract with a company in Wales which grows microalgae to remove carbon dioxide from the atmosphere.

Nellie, which is based in Aberystwyth, grows the algae in a specially designed photobioreactor. It is then dried and turned into biochar, a very stable form of carbon which can be stored in the soil for hundreds and even thousands of years.

This is one of several agreements that Zurich has with early stage, but highly promising, carbon-removal suppliers as part of its strategy to balance out its unavoidable remaining emissions once it has reduced its emissions as much as possible.

Over a year, Nellie's bioreactor array can produce around 64 tons of dried algae which has so far removed 115 tons of carbon dioxide from the atmosphere. The company ends up with about 40 tons of biochar which is sold to local farmers as a fertilizer and soil additive. The system is modular, scalable and can be deployed elsewhere.

Zurich's pre-payments against future carbon removal certificates that Nellie aims to produce, will help fund the scale-up of the business and support Nellie to progress toward their goal of removing up to 100,000 tons of carbon dioxide from the atmosphere each year by 2030. Further payments will be made as the company meets certain milestones.

Zurich aims for net-zero in its own operations by 2030. That will only be achieved after reducing emissions by 70 percent, compared to 2019 levels, and then by purchasing carbon removal certificates in the amount equivalent to our remaining emissions.

Transforming lives and supply chain

Zurich Brazil accelerated the transformation of its supply chain in 2024 through the Transformar Program. This program aims to:

- Increase the inclusion of social and diverse resources within supplier contracts.
- Empower and recognize good ESG practices in suppliers.

In January 2024, for example, Zurich Brazil initiated a new contract with the supplier Sodexo. Sodexo prioritizes diversity, equity and inclusion for its employees and one of its facilities management teams is composed entirely of individuals in socially vulnerable situations, including women who have experienced domestic violence, and refugees.

To help develop their self-esteem and skills, Zurich Brazil conducted several workshops with Sodexo in September and October 2024, covering topics such as self-awareness, personal image/style consulting, self-makeup, and financial education.

In terms of empowering and recognizing suppliers for good ESG practices, Zurich Brazil also conducted workshops focused on developing governance in sustainability and information security. About 100 companies participated in these workshops.



Selected 2024 sustainability highlights (continued)



Helping suppliers transition to net-zero

In 2024, Zurich supplier DelphianLogic - an award-winning provider of custom learning solutions - used our tools and resources to measure its carbon dioxide emissions for the first time and set science-based emission reduction targets, approved by the Science Based Targets initiative.

Zurich provides climate training materials and teamed up with carbon accounting firm Normative to offer free access to the Business Carbon Calculator so that suppliers can calculate their carbon footprint.

This engagement reflects Zurich's ambition to become a net-zero emissions business and to cascade climate action across the supply chain.

"The first step to reducing emissions is calculating them," said DelphianLogic CEO and co-founder, Saurabh Ganguli. "By providing access to the Business Carbon Calculator, Zurich has not only empowered us to advance our sustainable business practices but has also reinforced our resolve to make a meaningful impact on the environment."

Zurich targets for 75 percent of its managed procurement spend[1] to be with suppliers that have science-based emission reduction targets by 2025 and net-zero targets by 2030.

Aribau 195 Real Estate Project

The Aribau 195 project is a significant refurbishment initiative aimed at transforming an office building in Barcelona's Ensanche district, focusing on sustainability and ESG criteria. Aligning with Zurich goals to reduce carbon footprints and create more liveable urban spaces, the project modernizes the building while respecting Barcelona's architectural heritage. It won the AEO (Spanish Association of Offices) award for the best renovation project in Spain in November 2024. Integrating nature into urban spaces, it offers 8,300 square meters of office space and 1,000 square meters of landscaped exteriors. The project has been awarded LEED Platinum and seeks WELL Gold certification, emphasizing its dedication to environmental sustainability and human wellbeing.

A key aspect of Aribau 195 is the extensive use of the existing structure, retaining over 80 percent of the original building to reduce waste and conserve resources.

The redesign incorporates prefabricated concrete elements, and modular lattice panels to improve thermal and acoustic performance, aligning with sustainable building practices. Green roofs, terraces and an interior garden increase urban biodiversity and provide ecological benefits while facilities for electric vehicle charging and ample bicycle parking promote sustainable transportation. A Building Information Modeling system optimizes resources and ensures efficient construction and operation. Relying solely on renewable energy sources, the project supports the European Union's decarbonization goals.



1 The spend of approximately USD 2 billion annually managed by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations.

1.1 Our approach to sustainability

Insurance acts as a societal safety net for us all. We use our expertise as a risk manager to enhance resilience to natural, societal, economic and financial risks. We believe social responsibility and care for our planet are aligned with shareholders' interests. For us, sustainability is a business opportunity as well as an urgent global imperative. That is why we have **integrated sustainability across our business**, both globally and locally.[1] We will continue to use the levers we have as a global insurer and collaborate with our stakeholders in compliance with applicable laws and regulations to live up to our purpose to create a brighter future together and make a positive impact in the world.

Sustainability reporting captures our progress toward our qualitative ambitions and quantitative targets. Based on our Sustainability Framework, we cluster our reporting into three main focus areas, aiming to achieve outcomes that benefit the planet, customers and people, now and in the long term.

1.1.1 Our Sustainability Framework

We have been working to integrate sustainability across our strategy for many years through our Sustainability Framework, using technology, innovation, learning, partnerships and governance as key enablers of implementation.

In 2024, we continued to execute on our Sustainability Framework and scale impact to bring our sustainability ambitions to life, especially in relation to better supporting our customers and catalyzing our own transition journey through the publication of our first **climate transition plan**.[2] As an advocate, adviser and role model, we want to empower individuals and organizations to act today to create a better tomorrow.

Figure 2
Sustainability Framework - Our qualitative ambitions and quantitative targets in 2024[1]



Planet: Mitigate and adapt to climate change

- Net-zero operations by 2030, investments and underwriting by 2050.
- New interim 2030 engagement and emissions targets set for underwriting and investments.[2]
- 75 percent of managed procurement spend[3] with suppliers with net-zero targets by 2030.



Customers: Support transformation toward a sustainable future

- Grow sustainable revenue, especially climate solutions that support our customers' transition and resilience.
- Invest equivalent to 6 percent of assets under management (AuM) in climate solutions by 2030.[4]
- Evolve our customer experience with empathy, care, and listening.
- Deliver digital sustainability to maintain and enhance customer trust.



People: Future proof our people and enable more to thrive

- Increase share of internal hires.
- Sustain inclusive & equitable workplaces for everyone.[5]
- Support people to protect their physical, mental, financial and social wellbeing.

1 www.zurich.com/-/media/Project/Zurich/Dotcom/investor-relations/docs/investors/Chairmans-Roadshow-2024.pdf
2 For more details, see section 1.2 Climate transition plan on pages 125 to 128.
3 Managed procurement spend (MPS) means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations.
4 Equivalent to approximately USD 10 billion. Estimated based on AuM 2023. Any portfolio activity will be subject to market conditions and potential other constraints.
5 For more details on Diversity, Equity, Inclusion and Belonging (DEIB), see section 5.1.2 Diversity, equity, inclusion and belonging on pages 196 to 198.

1.1.2 Assessing materiality

With sustainability topics maintaining their accelerating rise in importance for our shareholders, governments, customers and regulators, we strive to continually improve our materiality assessment process in order to deepen our understanding of our risks, opportunities and impacts. To do so, we work together with our stakeholders to get a clearer picture of what matters most for us from a sustainability perspective. To deliver robust results, we aligned our approach with the structure provided by the CSRD, which builds upon and strengthens existing EU requirements around non-financial reporting.[3] Therefore, in 2024, we conducted our **first double materiality assessment (DMA) in line with CSRD**, taking both an outside-in and inside-out view of potential material issues.

1 For more information on our business model, please refer to the Group overview on pages 14 to 15.
2 For more information on our climate transition plan, see our website: www.zurich.com/sustainability/strategy-and-reporting/climate-transition-plan
3 Our methodology is aligned with the DMA implementation guidance from the European Financial Reporting Advisory Group (EFRAG).

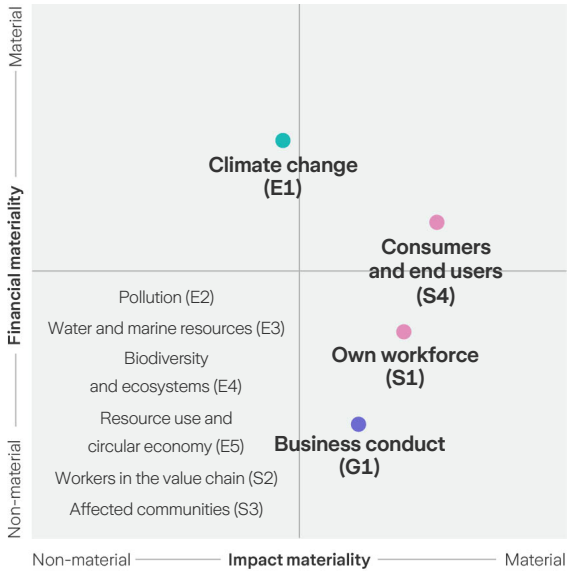
The 2024 DMA included both quantitative and qualitative analysis including direct engagement with our key stakeholders combined with an extensive round of interviews with a wide range of leading experts from across our diverse businesses and geographies. In particular, we engaged with senior management, employees, investors, customers, brokers, suppliers, industry associations and nongovernmental organizations (NGOs) to understand their points of view on impact and financial materiality across environmental, social and governance dimensions. This DMA helps us identify those sustainability matters that are most material to our stakeholders, while also considering how they influence our company.

We followed a two-step approach for stakeholder engagement:

- Step 1: We engaged through interviews with senior management and through surveys with various employees around the world, using a draft list of the European Sustainability Reporting Standards (ESRS) topics to guide discussions. Post-interview, surveys were issued to capture further thoughts on sustainability in relation to our Group.
- Step 2: We engaged a broader group through topic-level surveys to identify sustainability priorities. The process aimed to gather different perspectives on the materiality of topics identified in earlier steps.

Using these insights, we identified **four core material areas** spanning 10 material specific subtopics. Additionally, we also developed a watchlist of topics that, while not currently classified as material in the DMA, are deemed significant enough to warrant ongoing observation. This additional list allows us to track developments, gauge potential impacts, and prepare for any necessary action should these topics gain material significance in the years ahead.

Figure 3
Double materiality matrix



Material

Topic	Subtopic
Climate change (E1)	– Climate change mitigation – Climate change adaptation
Own workforce (S1)	– Equal treatment and opportunities for all – Working conditions – Other work-related rights – Training and skills development
Consumers and end users (S4)	– Information-related impacts for consumers and/or end users – Access to (quality) information
Business conduct (G1)	– Corporate culture – Protection of whistleblowers

Non-material

Watchlist	
S1 AI's impact on workforce	S4 Social inclusion
G1 Responsible use of AI	E1 Extreme heat in accident and health
E4 Drivers of biodiversity loss	E5 Resource scarcity

These most material topics and subtopics are covered as follows: We elaborate on climate change in chapter 3. Our planet (see pages 137 to 179), on consumers and end users in chapter 4. Our customers (see pages 180 to 190), on our own workforce in chapter 5. People (see pages 191 to 199), and on business conduct in section 5.2 Prevention of bribery & corruption (see pages 199 to 201).[1]

The outcomes of this DMA are key to further sustainability strategy refinements for us and instrumental to defining our forthcoming CSRD-aligned disclosures. We continue to monitor ongoing and emerging trends that likely influence the risks, opportunities and impacts associated with the specific subtopics that affect our business and stakeholders. Climate change mitigation and climate change adaptation in particular continue to be the most material subtopics for our business. In this regard, we have developed our climate transition plan to support our business and stakeholders with the growing implications of these issues.

1.2 Climate transition plan[2]

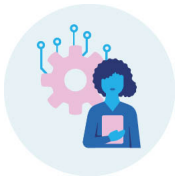
Climate change presents a dual imperative. Global emissions need to be reduced to avoid the most damaging impacts and simultaneously build greater resilience against the physical hazards which will continue to grow even as we transition. Insurers are fundamental to answering this challenge: as risk managers, helping customers to understand, prevent and reduce climate-related risks; as risk carriers, protecting households, companies and communities by absorbing the financial shocks from increasingly extreme weather; and finally, as institutional investors, financing the transition of companies and scaling capital toward climate solutions.

1 For an overview of the topics and subtopics in our Sustainability report, see Appendix 6.2 Material topics and subtopics reference table on page 208.
2 www.zurich.com/sustainability/strategy-and-reporting/climate-transition-plan

In September 2024, we published our first climate transition plan outlining how we are carrying out the ambition made in 2019, to become a net-zero business by 2050 across our insurance business, investments and operations. Yet, our ambition goes farther. We are determined to help the society of the future. The consequences of climate change should be addressed by enabling an economy-wide transition to net-zero and at the same time, helping make society more resilient. Our plan is built on four pillars:

Figure 4
Our climate transition plan

Our climate transition plan outlines how we are executing on our net-zero commitment



Enabling an economy-wide net-zero transition

For more than 150 years, we have protected individuals and organizations against risk so they can invest in the future with confidence. Today, this includes supporting our customers and investee companies to succeed in the transition to net-zero. We believe a successful transition will support our business.

We do so by:

- Engaging with our customers & investee companies on their transitions
- Scaling climate solutions through our products, services and investments
- Aligning each of our insurance and investment portfolios to support emissions reductions



Making society more resilient

Climate hazards are likely to intensify for decades to come, even if the world reaches net-zero by 2050. We are using our expertise to help more companies, cities and communities better understand, prevent and reduce risks before they materialize, while also supporting them to build back better after loss and damage.

We do so by:

- Further integrating resilience insights into our insurance business
- Growing our risk advisory business
- Collaborating beyond our business to support the communities we operate in

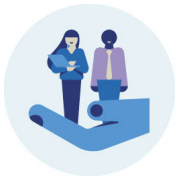


Advocating for supportive policies

Our net-zero ambition is dependent on the transition of the real-world economy and an effective public policy framework. That's why we want to put our data, expertise and global network to use in shaping and advocating for policies that can help achieve a just, resilient and economically successful transition.

We do so by:

- Supporting and informing public policies, regulations and standards that help the real economy's transition
- Collaborating with partners to maximize our efforts
- Supporting the insurance market, in collaboration with the public sector, to continue to provide the level of cover that businesses and communities require



Evolving how we operate

We are continuing to decarbonize our own operations and supply chain. We are investing in our people and fostering a culture of learning and knowledge sharing so that our organization evolves with our ambition. This enables our employees to engage with customers, suppliers and the companies we invest in on their transition journey.

We do so by:

- Reducing our own emissions to achieve net-zero operations by 2030
- Aligning with suppliers and sharing expertise to decarbonize our supply chain
- Developing employees' skills, capabilities, and culture for transition

Dependencies

Introduction of effective public policy frameworks | Development of new technologies and climate solutions
Pace of transition of the real-world economy

To deliver on our climate transition plan, we have set a number of interim targets (going forward, updates on our climate transition plan including progress on the targets, new targets, changes related to the implementation of CSRD and other elements will be included in our future sustainability reports):

Enabling an economy-wide net-zero transition

1. Engaging with our insurance customers and investee companies on their transition

We are engaging on the transition, to understand the needs, challenges and transition plans of our customers and investee companies who make the largest contribution to our portfolio emissions, as well as gaining deep insight into the industry, technological and regulatory contexts they are operating in. We also engage with our investee companies to encourage those which have not done so to set and deliver against targets aligned with the Paris Agreement.

Engaging with our insurance customers: Our focus is on creating real-world impact, so we prioritize engagement with customers who can make the greatest contribution to emission reductions and where our direct relationship means we have a greater degree of influence.

New targets

- Between September 2024 to September 2025, we are expanding our **engagement to 65 corporate customers** on their transition-related objectives, opportunities and challenges.
- We will continue to expand our engagement efforts so that **by 2030** we will have engaged with **450 of our large corporate customers** who contribute most heavily to our portfolio emissions **on their transition**.[1]

Through these engagements, we look at our customers' transition plans along our ACDC framework (for more details, see page 162). We coordinate our engagement to maximize our impact where an investee company is also an insurance customer.

Engaging with our investee companies: As an investor, we retain an active dialogue with and we influence our investee companies, through using our **voting rights** to support their net-zero commitments, which would not be possible if our approach emphasized divestment and exclusions. Since 2019, we have engaged with top 65 percent emitters of financed emissions that have not set science-based targets. Looking ahead, we will evolve our approach to prioritize bilateral engagements with a select group of companies.

New target

By 2030, we will directly **engage** with **20 high-emitting investee companies** currently **lacking credible science-based targets**, focusing on those with the greatest potential to reduce real-world emissions.

Should engagement fail and companies refuse to set targets after due dialogue, we will use our voting rights against board members at shareholder meetings and, ultimately, will divest.

2. Scaling climate solutions through our products, services and investments

We will scale climate solutions by prioritizing our insurance capacity and risk engineering expertise to support our customers' transition needs and objectives with sustainable products and services; and by putting our own investment capital to work in activities, projects and technologies contributing to climate change mitigation or building resilience.

Revenues from climate solutions: We are focusing on channeling our insurance capacity across all insurance lines, profitably expanding our range of sustainable products and services, and deploying and growing our expertise to support key net-zero technologies and infrastructure in key markets. We aim to continue to **grow our revenues** in this area.

Investing in climate solutions: As an investor, we put our own capital to work to help scale climate solutions.

New target

By 2030, we aim to continue expanding our investments in climate solutions to approximately USD 10 billion equivalent to **6 percent of assets under management (AuM)**,[2] focusing on green and sustainability bonds, clean infrastructure projects, and real estate.

Our impact investing portfolio aims to help avoid 5 million metric tons of CO_2e emissions annually by 2030 through investments in various climate solutions. As in the past, we see the majority of 'avoided emission' coming from our Green bond portfolio (please refer to impact investment for further details, see pages 174 to 176).

Expanding our investments in climate solutions is dependent on the supply of appropriate projects to invest in, as well as the need to maintain appropriate diversification and liquidity in our overall investment approach to match our liabilities.

1 Determined by scope 1& 2 for our customers' emissions using the Partnership for Carbon Accounting Financials (PCAF) insurance-associated emissions methodology for commercial lines, covering customers with revenues greater than USD 1 billion.
2 Estimated based on AuM 2023. Any portfolio activity will be subject to market conditions and potential other constraints.

3. Aligning each of our portfolios for insurance and investments to support emission reductions

We are targeting net-zero by 2050 in our insurance and investment portfolios in ways that support real-world emission reductions, in line with science-based pathways.

Aligning our insurance portfolio

New target

As an interim target on the path to net-zero, we are targeting a **reduction** in the **intensity of insurance-associated emissions (IAE) in our large corporate customer portfolio by 20 percent by 2030**, starting from a 2022 baseline.[1]

Looking ahead, we expect oil and gas producers to have **credible transition plans aligned to achieving net-zero by 2050**, with interim targets and clear measurable commitments. Those transition plans should be in place by 2030. As a last resort, where transition risks are not sufficiently managed we will then exit the relationship.[2]

Aligning our investments

Following the successful achievement of our 2025 interim targets, we are targeting the following 2030 interim targets:

New targets

- **55 percent reduction** in the emissions intensity of our **listed equity and corporate bond** investments against a 2019 baseline.[3]
- **45 percent reduction** in the emissions intensity of our direct real estate investments against a 2019 baseline.[4]

Evolving how we operate

Reducing our **own emissions to achieve net-zero operations by 2030**, with an interim target of 60 percent reduction by 2025.[5] This is achieved working on several levers, e.g., transitioning our car fleet to 100 percent electric, shifting commuting to electric vehicles (EV) and public transport where possible, and keeping air travel near current levels.

Aligning with suppliers and sharing expertise to decarbonize our supply chain: our target is to have **75 percent of our Managed Procurement Spend (MPS) of approximately USD 2 billion**[6] annually with suppliers that,

- by **2025** have **set science-based targets to reduce emissions**,[7] and,
- by **2030**, set **targets to reach net-zero**.[8]

Looking ahead

Our first climate transition plan marks an important milestone in our journey to achieving our net-zero commitment. Our transition will be an ongoing, iterative process reflecting the changing context in the shift to net-zero and developments in our own business. As a result, our climate transition plan will evolve over time, and we will update it annually.

1 Determined by scope 1 & 2 for our customers' emissions using the PCAF IAE methodology for commercial lines, covering customers with revenues greater than USD 1 billion.
2 These positions do not apply to Workers' Compensation, Employers Liability, Accident & Health, Life, Surety Reclamation Bonds, certain environmental products and other employee protection coverages that have a positive impact on human health or the environment.
3 Reduction of emissions intensity (Scope 1 and Scope 2). Emissions intensity is defined as metric tons CO2 equivalent per USD million invested.
4 Reduction of emissions intensity (Scope 1 and Scope 2). Emissions intensity is defined as kilograms CO2 equivalent per square meter.
5 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, as well as third party vendors are excluded as well as our new acquisitions Zurich Kotak and Travel Guard.
6 Managed procurement spend means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations.
7 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in Scope 1 and 2 emissions.
8 We consider a supplier to have net-zero targets when their net-zero target is approved by the SBTi, a similar scientifically accredited body or otherwise has a public target to neutralize any residual Scope 1 and 2 emissions.

1.3 Our targets and ambitions

To execute our Sustainability Framework, we have set ourselves both qualitative ambitions and quantitative targets.[1] In line with our aim to be transparent, we report yearly on our progress against those ambitions and targets.

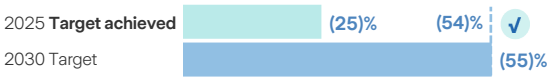
Please note that **target 2025** and **target 2030** is always defined as using year-end 2024 and 2029 values, respectively (e.g., reduction of financed emissions). **By 2030 target** (e.g., for reduction of IAE intensity) is defined as using **year-end 2030** value, similar **by 2025 target** (e.g., for operational carbon emissions) is defined as using **year-end 2025** value. Please also note that parentheses around percentages or points indicate a reduction.

Figure 5
Our 2024 achievements and progress

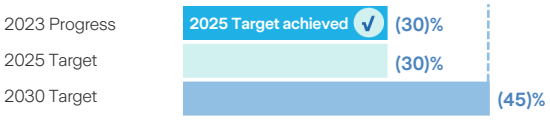
Investment management

Reduction of financed emissions

Reduce emissions intensity of listed equity and corporate bond investments
(metric tons CO2e/USD million invested) (compared to 2019)



Reduce emissions intensity of direct real estate investments
(kg CO_2e/m^2) (compared to 2019)



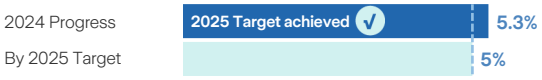
Engagement

Engage companies producing 65% of financed emissions that have not set science-based targets



Impact investing portfolio

Share of total invested assets in impact investments



Climate solutions investments

Allocation to climate solutions investments

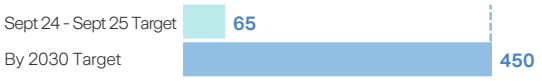


Underwriting

Revenues from sustainable solutions
(USDm)



Engagement with customers on their transitions
(no. of customers)



Reduction in insurance-associated emissions intensity[2]
(metric tons CO2e/USD million) (compared to 2022)



Our people

Internal hires



1 Estimated based on AuM 2023, equivalent to approximately USD 10 billion. Any portfolio activity will be subject to market conditions and potential other constraints.
2 Determined by scope 1 & 2 for our customers' emissions using the PCAF IAE methodology for commercial lines, covering customers with revenues greater than USD 1 billion.

√ Target achieved

1 For more details on our targets and ambitions, see section 6.1 Our yearly progress on our targets and ambitions on pages 206 to 207.

Own operations and supply chain

Absolute reduction in all operational emissions[1,2]
(compared to 2019)



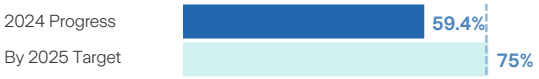
Reduction of scope 1 and 2 emissions[1]
(compared to 2019)



Reduction of scope 3 emissions[1,2]
(compared to 2019)



% of MPS[3] that is with suppliers having science-based targets[4]



% of MPS[3] that is with suppliers having science-based targets to reach net-zero[5]



1 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, third party vendors as well as our new acquisitions Zurich Kotak and Travel Guard are excluded since they were not reflected in the CO2e emissions baseline in 2019.
2 Resulting from air, rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impact.
3 MPS means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations. According to the 2023 baseline of MPS, excluding suppliers no longer active in the year of reporting.
4 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions.
5 We consider a supplier to have net-zero targets when their net-zero target is approved by the SBTi, a similar scientifically accredited body or otherwise has a public target to neutralize any residual scope 1 and 2 emissions.

1.4 Our exclusions and positions

We take underwriting and investment decisions aligned with our purpose, values and strategy. We integrate all of our commitments and have the following specific positions which are laid out here in a simplified way:[1]

Table 1
Our exclusions and positions

Coal, oil sands and oil shales	**Not underwrite and invest[1] in companies** that: – generate more than 30 percent of their revenue from mining thermal coal, or produce more than 20 million tons of thermal coal per year. – generate more than 30 percent of their electricity from coal. – are in the process of developing any new thermal coal mining, power or transportation infrastructure; We will also not underwrite any new metallurgical coal mining.[2] – generate at least 30 percent of their revenue directly from the extraction of oil from oil sands. – are purpose-built (or "dedicated") transportation infrastructure operators for thermal coal or oil sands products, including pipelines, cargo ships and railway transportation. – generate more than 30 percent of their revenue from mining oil shale, or generate more than 30 percent of their electricity from oil shale. This is already **fully implemented**, but we **continue to screen new customers and investee companies** and will only consider companies that are already below those limits or have near-term commitments in place to bring them below the limits, with annual reviews of progress. If in the course of these dialogues the company does not show credible progress in their transition from thermal coal, oil sands or oil shale, we will, as permissible by law or regulation, **reduce exposure, divest from equity holdings, stop investing in new debt and run off existing holdings**. Where permissible by law, we will **fully phase out insurance for companies**, involved in **thermal coal activities** by 2030 for OECD and EU27 countries and by 2040 for the rest of the world. On thermal coal, in our investment management activities, we also **engage** with companies on the phase out of thermal coal production and use in OECD countries and EU 27 by 2030 and rest of world by 2040.
Oil and gas	To the extent permissible under law or regulation, we **exclude** the following from our activities: – **New single-site P&C insurance policies for new (upstream) oil and gas exploration and development projects,** for sites where licenses were approved after 31 December 2022. – **Oil and gas drilling and production projects and infrastructure** (up and midstream) in the Arctic.[3,4] Within our insurance offering, we also expect oil and gas producers to have a zero routine flaring commitment by 2030 and have credible transition plans aligned to achieving net-zero by 2050, with interim targets and clear measurable commitments.[2] Those transition plans **should be in place by 2030**. As a **last resort**, where permissible by law or regulation, we will then **exit customers** where transition risks are not sufficiently managed.[5] For our investments in private debt,[6] we have dedicated fossil fuel guidelines agreed with our asset managers. For listed asset classes, we focus on engaging with carbon-intensive companies, such as those operating in the oil and gas sector, on the need to set science-based emissions target. In line with our guidelines, we exclude any thermal coal related assets in these portfolios. Further, these portfolios will not finance oil and gas assets which are not aligned with science-based or government-issued regional / national 1.5°C pathways.
Banned cluster munitions and anti-personnel land mines	No new business relationships[7] with companies that produce, stockpile, distribute, market, or sell banned cluster munitions or anti-personnel land mines. If we become aware of potential involvement of an existing customer or investee company in such activities, we will engage in a maximum two-year dialogue to explain our position on this sustainability issue and expect compliance with the relevant international treaties.

1 On invest we do not include met coal, as we do not have the data to screen companies for that.
2 Enhancement to existing position, applicable from 2025 onwards.
3 Considered as anything north of 66 degrees latitude with the exception of the Norwegian Continental Shelf.
4 For insurance, this applies to any policy in the following lines that have exposure to those arctic operations: Construction, Operational property covers, Marine and General liability.
5 These positions do not apply to Workers' Compensation, Employers Liability, Accident & Health, Life, Surety Reclamation Bonds, certain Environmental products and other employee protection coverages that have a positive impact on human health or the environment.
6 Excluding Collateralised Loan Obligations (CLOs) and Real Estate.
7 Business dealings include the provision of insurance products and services and direct investments.

1 For further information and the detailed position please visit our website: www.zurich.com/sustainability/governance-and-positions/our-positions

1.5 Stakeholder overview

Taking into account our **stakeholders' needs** is crucial in the identification of our sustainability priorities. This is why we **actively engage** with them in **different ways**. Stakeholder engagement allows us to get valuable insights, which we include in our decision-making processes. The feedback we collect helps us anticipate and mitigate potential risks and align our sustainability strategy with both internal and external expectations, thus strengthening the foundation of our Sustainability Framework and fostering the transparency and trustworthiness of our reporting.

Figure 6

Our key stakeholder groups



1 Customers	2 Shareholders	3 Employees	4 Suppliers	5 Governments and Regulators	6 Local communities
Engagement					
– Listening to retail customers through TNPS and Brand Consideration surveys. – Responsibly using data provided by our customers to improve our understanding of their needs. – RNPS studies and surveys with brokers. – Actively engaging with our commercial customers who materially contribute to our portfolio emissions.	– Chairman annual roadshow.[3] – Conducting a Remuneration Committee Chair outreach initiative. – Meetings between shareholders and proxy advisors with Group CSO and Group Chief Underwriting Officer. – "ESG (Environmental, Social Governance) Guide to Zurich"[4] presentation annually updated.	– Regular personal development conversations. – Online and work-based skill development. – Inclusion networks, Employee Resource Groups (ERGs) and volunteering opportunities. – Employment relations and occupational health & safety representation. – Employee events, incl. leadership forums, webcasts, townhalls and off-sites. – Annual Zurich Experience Survey (ZES).	– Integration of ESG factors and sustainability-related criteria into procurement decisions. – Supplier due diligence, training and events. – Meetings with key suppliers to emphasize our net-zero ambitions and how they can play their part by engaging in their own net-zero aligned climate action.	– Direct dialogue with regulators and policymakers across our key markets and on topics where we have relevant insight and expertise. – Participation in industry dialogues through trade associations. – Responses to consultations. – Thought leadership activity, incl. production of reports and participation in events.	– We share our resources and expertise to help build more resilient communities, adding value beyond our core business activity, incl. through volunteering, fundraising and other initiatives.

1 The Foundation is a Swiss-based charitable foundation established by members of the Group. It is the main vehicle by which we deliver on our global community investment strategy.
2 Our Group and employees contribute through fundraising, volunteering and cash contributions whereas the Foundation carries out community investment activities. Excluded are employees of Cover-More and of Farmers Group, Inc. (FGI). FGI, a wholly owned subsidiary of the Group, and certain of its subsidiaries provide certain non-claims services and ancillary services to the Farmers Exchanges in the U.S. as their attorney-in-fact and receive fees for their services. The Group has no ownership interest in the Farmers Exchanges.
3 www.zurich.com/-/media/project/zurich/dotcom/investor-relations/docs/investors/chairmans-roadshow-2024.pdf
4 www.zurich.com/-/media/project/zurich/dotcom/investor-relations/docs/investors/2024-a-guide-to-esg-at-zurich.pdf?v=1

1 Customers	2 Shareholders	3 Employees	4 Suppliers	5 Governments and Regulators	6 Local communities
Impact					
– Improving customer communication through delivery of empathy trainings at service and claims centers. – Use of TNPS feedback to redesign customer journeys. – Greater understanding of customers' transitions and their emerging needs. – Supporting product and service innovation with a focus on resilience. – Further integrating resilience insights into our insurance business.	– Increasing understanding of our shareholders' expectations allows us to align our ESG priorities. – Further development of remuneration framework and reporting transparency. – Developing best-practice in sustainability strategy and reporting.	– Increasing employee engagement - and thereby business performance - by listening and including employees' perceptions and experiences. – Contributing to a sustainable workplace and a positive work experience.	– Increasing compliance levels by promoting our supplier code of conduct (SCOC). – Effectively managing supply chain ESG risks. – Decarbonizing our supply chain.	– Shape development of supportive policy frameworks. – Limit risk of unintended consequences from new regulations. – Inform public policy debates.	– Helping communities disproportionately affected by the climate crisis adapt and thrive. – Collaborating to create sustainable development and positive impact in the communities, where we are active.
Our progress in 2024					
– Improved TNPS scores across our business. – Improved Claims TNPS scores. – Increased brand consideration in several markets. – Improved retention rates where customer needs are addressed.[1]	– Clear shareholders' support for the advisory vote of the Sustainability report 2023 at the AGM. – Recognition of our Sustainability leader status by main ESG rating agencies.	– Adjusted people priorities to focus on, for example, core skills building, or upskilling in digital, AI, and data.[2] – Improved female representation in senior management.[3] – Achieved 4th rank among insurance companies in the Forbes World's Best Employers award.[4]	– Suppliers understanding of our Sustainability Framework, in particular our net-zero ambitions. – Supplier improvement plans to align their sustainability strategy, performance and goals with our expectations and ambitions (i.e., create a human rights policy, measure emissions and set targets).	– Recognition of our expertise by the EU taskforce on resilience and integration of our inputs in the 2024 report on resilience policy.[5] – Publication of Economist Impact research report on urban resilience.[6]	– The Zurich Climate Resilience Alliance and the Urban Climate Resilience Program partnered with local and global organizations to implement tailored solutions in nine countries, where community resilience is actively measured and improved. – Together with the Foundation, Zurich Australia has generated about a third of the funds raised for the SurfAid Make a Wave Challenge, helping communities in Indonesia and the Pacific.

1 For more information on these results, see section 4.2 Customer attraction and retention (page 185).
2 For more information on learning and development, see section 5.1.1 Careers and work (pages 193 to 196).
3 For more information on equal representation of all genders across the organization, see section 5.1.2 Diversity, equity, inclusion and belonging (pages 196 to 198).
4 www.forbes.com/lists/worlds-best-employers/
5 https://climate.ec.europa.eu/document/download/4df5c2fe-80f9-4ddc-8199-37eee83e04e4_en?filename=policy_adaptation_climate_resilience_dialogue_report_en.pdf
6 https://edge.sitecorecloud.io/zurichinsur6934-zwpcorp-prod-ae5e/media/project/zurich/dotcom/industry-knowledge/climate-change/docs/resilience-from-the-ground-up.pdf

2. Governance

Sustainability is embedded in our governance framework.

The Board of Zurich Insurance Group Ltd has the ultimate responsibility for the Group's success, for delivering long-term sustainable value. It sets our values and standards, and establishes a framework of effective controls. As part of its strategic responsibility, the Board approves our sustainability strategy and objectives, including non-financial targets with a material impact on the Group. It is supported by its Board Committees within their respective core mandates:

- The Governance, Nominations and Sustainability Committee (GNSC) recommends our sustainability strategy and objectives, reviews the climate transition plan and exercises oversight on sustainability-related matters.
- The Audit Committee exercises oversight of sustainability reporting.
- The Risk and Investment Committee exercises oversight of risks, including sustainability risks.
- The Remuneration Committee evaluates the remuneration architecture, including incentive plans which are linked to appropriate performance criteria supporting the strategy's execution.

> Our governance framework is key to driving trust, accountability and sustainable value for our stakeholders.

Katja Roth Pellanda
Group General Counsel



At management level, accountability for different areas of expertise, including sustainability aspects related to each of these areas, is assigned to an Executive Committee (ExCo) member or a Group CEO direct report. By opting for an integrated approach, our existing governance bodies are responsible for sustainability-related topics that concern their field of expertise.

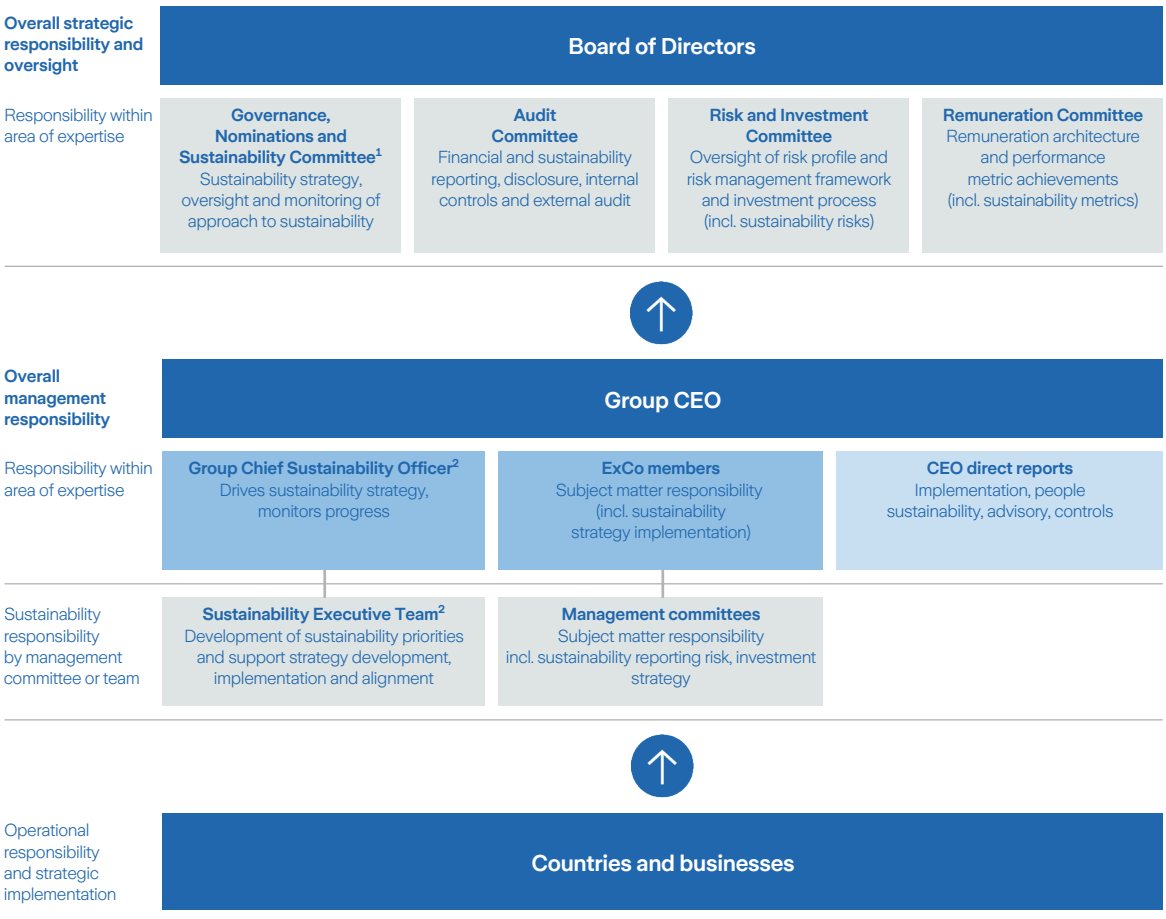
In addition, the Group Chief Sustainability Officer (Group CSO), who reports into the Group CEO, is responsible to drive our Sustainability Framework and to act as a sounding board for strategic alignment of global sustainability priorities to assure a consistent approach and to facilitate oversight. The Group CSO is also responsible for monitoring progress with respect to the sustainability priorities and targets, and reporting thereon to the GNSC, the Group CEO and the ExCo.

The Sustainability team, reporting to the Group CSO, drives the development of sustainability priorities across our businesses and supports regions, countries and functions with implementation by providing centralized expertise, facilitating collaboration and knowledge sharing, and ensuring that action plans are in place.

Strategy development and its implementation is facilitated by the Sustainability Executive Team, which comprises sustainability heads of relevant functions and countries and which is chaired by the Group CSO.

Regions and countries are operationally responsible for implementing the sustainability strategy developed at Group level. We review and monitor strategy implementation through quarterly internal scorecards. Progress toward climate-related targets across regions and countries is discussed at least annually as part of regular business performance review meetings. This is in addition to regular monitoring performed at Group level across key business functions.

Figure 7
Sustainability is embedded in our governance framework



1 Specific sustainability responsibility.
2 Dedicated sustainability responsibility.

TCFD G

2.1 Governance around climate-related risks and opportunities

The organization's governance around climate-related risks and opportunities

As outlined above, sustainability – and therefore environmental topics, such as climate and nature – are integrated into our governance structure.

In particular, the GNSC has been mandated by the Board to oversee our approach and conduct with regard to sustainability. Oversight with respect to sustainability risks, including risks associated with environmental topics such as climate change and nature loss, is achieved through regular updates from the Group CSO on material topics and on the performance against, among others, climate-related targets. Outcomes of scenario-based climate risk assessments were discussed with management as part of strategy setting processes. The Group CSO also reports the consolidated set of material actions arising from scenario-based climate risk analysis to the GNSC after confirming with the ExCo for Group CEO approval. In addition to this, the GNSC was engaged on several strategic topics throughout 2024, including operational emissions, sustainability performance management and recommending the Board to approve our first climate transition plan.

The accountability of each ExCo member and Group CEO direct report for sustainability within their assigned function or business includes, amongst others, climate and nature. Responsibilities for such a role include contributing to the development and implementation of our climate transition planning, assessing and managing climate-related risks and opportunities, managing progress against climate-related corporate targets and value chain engagement on climate-related issues. Furthermore, environmental topics, including climate change, are considered as part of mergers and acquisitions decision-making and due diligence processes.

Further information on sustainability risk and its governance is set out in the risk review (see pages 222 to 254). Further information on our metrics and targets is available in section 3.3 Targets and metrics of this sustainability report (see pages 159 to 179).

TCFD G

2.2 Impact of climate-related performance on remuneration

Sustainability-related actions, including actions to support the transition to net-zero, are reflected in the annual objectives for employees, including the ExCo members, where relevant. The corresponding achievements are considered in the individual performance assessment and in the determination of awards under the Group's short-term incentive plan (STIP).

To support our net-zero journey, the performance metrics under our long-term incentive plan (LTIP) include an operational CO2e emissions metric with a weighting of 10 percent for the 2023-2025 and 2024-2026 performance periods. For the **performance period 2025-2027**, we are **raising the weight of sustainability-related performance** criteria from 10 to 20 percent by introducing financed emissions intensity (10 percent) as an additional sustainability performance metric to the existing operational CO2e emissions of the Group. Financed emissions intensity is defined as metric tons CO2 equivalent emissions per USD million invested of our listed equity and corporate bond holdings. The LTIP is used for a defined group of our most senior positions, including all ExCo members.

Both the STIP and LTIP are further described in our remuneration report (see pages 83 to 88 and page 109).

TCFD G

The members of the Board receive fixed remuneration as an annual fee, of which half of the basic fee is paid in cash and half in five-year sales-restricted shares which are not subject to the achievement of any specific performance conditions.

Read more on Board fees in the remuneration report:
▶ Pages 91 to 94

3. Our planet

Taking action today to safeguard tomorrow.

Climate change presents a dual imperative. Global emissions need to be reduced to avoid the most damaging impacts and simultaneously build greater resilience against the physical hazards which will continue to grow even as we transition. We focus on enabling a positive socio-economic and environmental transition, while at the same time building resilience to evolving risks. A stable climate and healthy, diverse natural environment are critical to continuing human and economic development. Environmental challenges including nature loss and climate change can impact all sectors of the real economy which we insure and invest in, and ultimately can have significant impacts on the company's long-term value. Understanding, measuring and managing these impacts – while seizing the opportunities that arise from the transition to a net-zero world – is essential to creating sustainable value for our stakeholders.

> We want to address the dual imperative of climate change – both decarbonization of the economy and building resilience to the impacts of climate change.
>
> **Linda Freiner**
> Group Chief Sustainability Officer



3.1 Strategy
3.2 Risk management
3.3 Targets and metrics

TCFD E

While environmental topics beyond climate are considered as part of our approach to sustainability,[1] understanding and managing **climate change impacts remains a particular focus**.[2] This section presents our disclosure in line with the recommendations of the **TCFD** and represents our assessment of the resilience of our strategy to climate change risk. In order to simplify the structure, we embedded governance around climate change in Chapter 2. Governance (see pages 134 to 136).

TCFD E G

3.1 Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning

3.1.1 Our approach to climate change

Our business strategy calls on us to deliver in our various roles as an insurer:

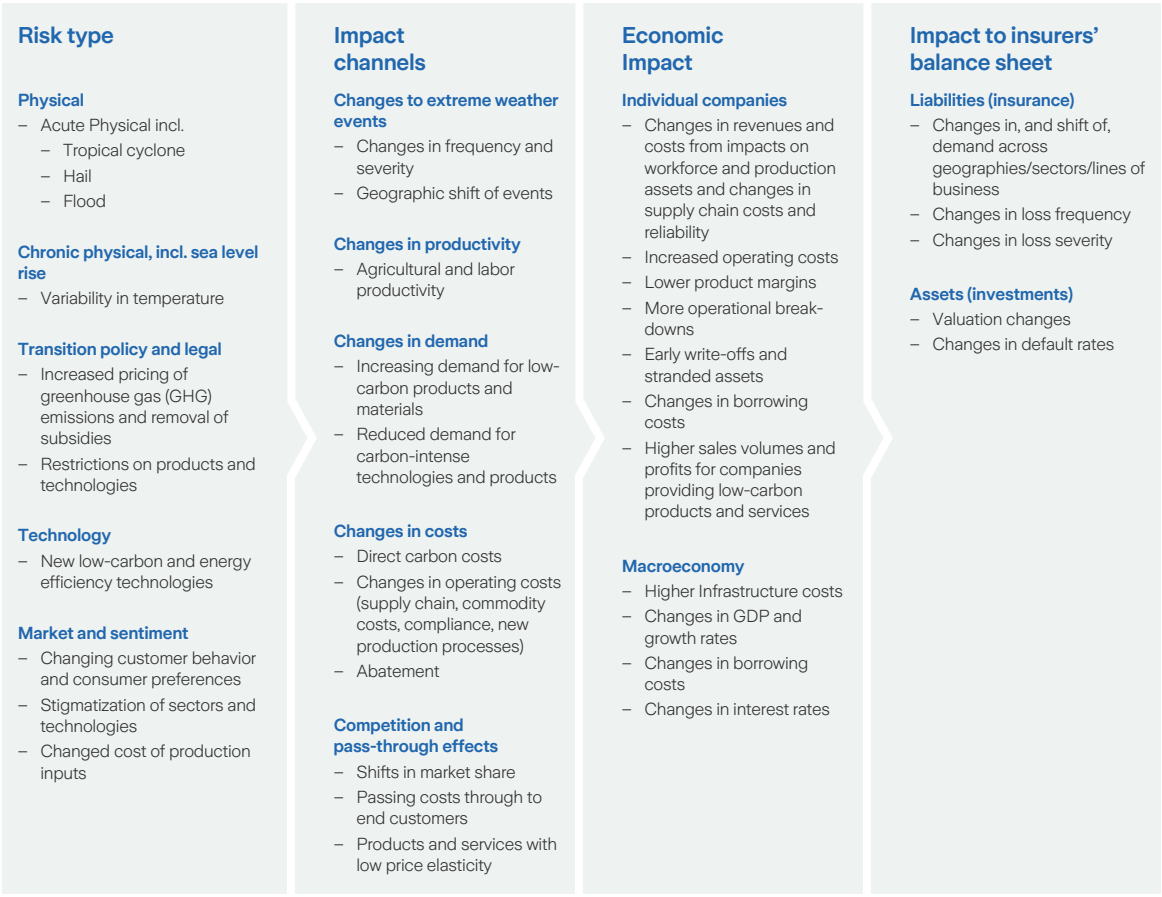
- as a **risk manager**, helping customers to understand, prevent and reduce climate-related risks.
- as a **risk carrier**, protecting households, companies and communities by absorbing the financial shocks from increasingly extreme weather.
- as an institutional investor, **financing the transition** of companies and scaling capital toward climate.

3.1.2 Managing climate risk

In line with TCFD recommendations, when we consider the topic of climate change, we consider both **physical and transition-related impacts**. Physical risks include increasing frequency and severity of acute events such as floods due to heavy rain but also longer-term changes in variables such as sea levels, temperatures etc. Transition risks can stem from policy, regulatory and societal changes introduced to address the impacts of climate change.

1 E.g., revenues resulting from sustainable solutions, see section 4.1.1 Revenues from sustainable solutions on pages 181 to 185.
2 Climate change has been identified as one of our most material topics. For more information, see section 1.1.2 Assessing materiality on pages 124 to 125.

Figure 8
Climate-related risk



Our view on climate risk

Physical and transition risk will play out over coming decades with pervasive impacts to the global economy and potentially our business if they are not adequately managed. Understanding and managing potential impacts is an important aspect of maintaining our short- and longer-term profitability. Over the **medium to long term**, **physical risk** is expected to **increasingly impact economic growth**. The new technologies, energy generation and construction methods expected to evolve as part of the transition to a net-zero economy will serve to influence the size and composition of the global economy.

The long-time horizons over which climate change will play out introduces uncertainty around the degree to which physical or transition risk shapes the future global economy. This is something further dependent on the nature of public policy frameworks introduced over the coming decades. As the global economy evolves in response to the changing climate, our business will be impacted, most notably through **changing demand** for our products, **changes to the loss experience** associated with those products and **changes to the value of our assets**.

Given our ability to reprice many of our products on an annual basis, our focus on developing customer resilience and our flexible investment approach, we believe we are **sufficiently flexible to adapt to events** as they unfold and we will remain **well positioned to insure the future economy**. Nonetheless, physical- and transition-related impacts represent sources of increased risk and require careful consideration and management.

Our approach to climate risk

Climate risk is managed in a way consistent with other risks we are exposed to. Our risk management approach considers multiple time horizons and approaches to manage near-term impacts and navigate highly uncertain outcomes over the medium to long term. Assessments of the evolving physical and transition risk landscape are integrated into our underwriting and investment strategies.

– Over the **short term**, we use **sophisticated natural catastrophe modelling, with a focus on underwriting activities,** to inform balance sheet resilience against changing frequency and severity of perils, with our view of natural catastrophe risk used to inform financial planning.

– For the medium to long term we complement our short-term management of climate-related risks through the use of **scenario-based climate risk analysis**, which allows us to **assess the strategic implications of climate change** over time horizons extending **beyond the financial cycle** and **assess the resilience of our strategy to potential climate risks**. We employ a static balance sheet approach, fully recognizing that the analysis is a theoretical "what if" exercise, which is useful to stretch management thinking about the medium-to-long-term outlook, but not to inform insights from an immediate solvency, financial or capacity management perspective.

Figure 9
Managing and understanding climate-related impacts is integral to our business

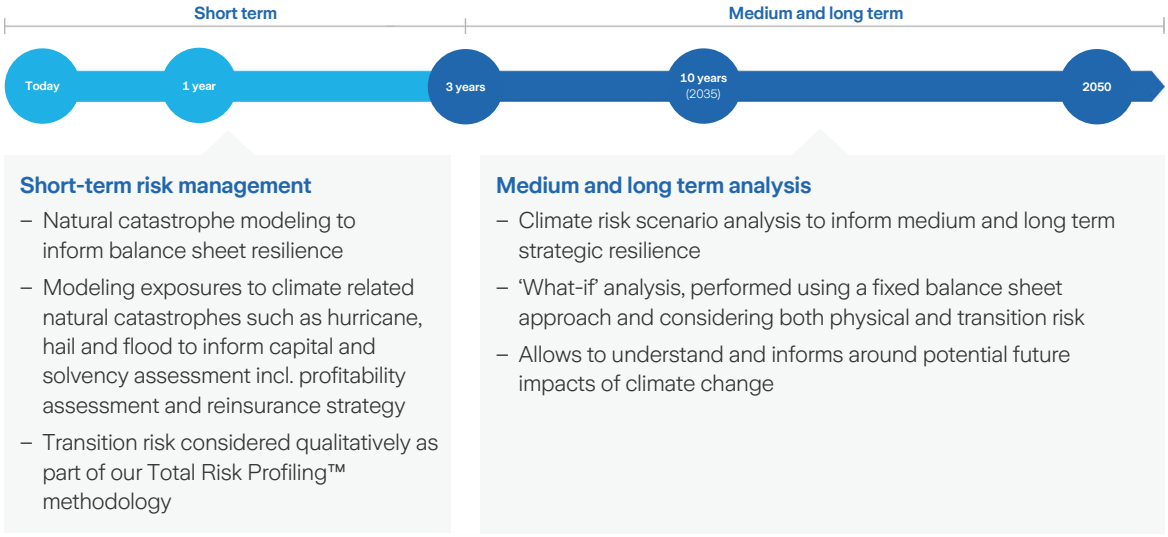


Figure 10
Time horizons considered

Short term 0 – 3 years (until 2026)	This is **aligned** with our **financial planning cycle**, in which we place a particular focus on managing the changing frequency and severity of perils, which is critical to ensuring profitability and management of accumulation risk. Over this horizon, insight derived from our natural catastrophe modeling (see section 3.1.3 Natural catastrophe modeling: current exposure to physical risk on pages 139 to 142) informs our capital and solvency calculations. Our view of natural catastrophe risk also underpins profitability assessments and strategic capacity allocation and guides the type and quantity of reinsurance we buy. Drivers of transition risk that could have an impact on the achievement of our short-term strategic objectives are in scope for consideration as part of our annual process by applying our Total Risk Profiling™ methodology (see section 3.2.1 Integration of climate risk within the overall risk management framework on page 157).
Medium term 3 – 10 years (until 2035)	While we operate with a three-year financial cycle horizon, a consideration of longer time horizons allows us to reflect potential risks and opportunities associated with climate change in the formulation of appropriate responses. A 10-year horizon allows us **balance the need for strategic insight** with the growing uncertainty associated with longer time horizons. Our view on the resilience of our business strategy over the medium term is informed through the use of scenario analysis.
Long term 10 – 30 years (until 2050)	Our net-zero commitment requires that we extend our time horizons to 2050 to consider more fully the **potential risks and opportunities associated with aligning our business with a net-zero future**. Such time horizons are well suited to certain long-term assets such as real estate investments and life insurance risks. Our view on the resilience of our business strategy over the long term is informed through the use of scenario analysis.

TCFD SASB E

3.1.3 Natural catastrophe modeling: current exposure to physical risk[1]

To manage our short-term climate risks more effectively, we are investing in improving our understanding of them. Modeling the effects of physical risk on our portfolios is a key focus. Managing the changing frequency and severity of perils is critical to ensuring profitability and managing accumulation risk over the short term (1 – 3 years). Based on our work so far, it has become clear that model adjustments are required in some peril regions to reflect the impact of climate trends on physical risk today. We focus on Property & Casualty (P&C) exposures and monitor the following:

1 Results from the Q4 2024 Group Catastrophe Model are presented in the analysis shown below. There are timing differences in the underlying exposures considered in this analysis (underlying exposures by peril region are generally as of June or September 2024, and in exceptional cases as of September or December 2023). For more information, see also 3.2.2 Managing risks from climate-related natural catastrophes on page 158.

Approach

Current exposures to physical climate risk are expressed through Annual Expected Loss (AEL) and Probable Maximum Loss (PML). Modeled exposures comprising the peril regions are as follows:

- Central Europe hail: Austria, Belgium, Czech, Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Hungary, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Norway, the Netherlands, Poland, Slovakia, Slovenia, Sweden and Switzerland.
- Europe wind: Austria, Belgium, Czech Republic, Denmark, France, Germany, Guernsey, Ireland, Isle of Man, Jersey, Luxembourg, the Netherlands, Norway, Poland, Sweden, Switzerland and the UK.
- Europe flood: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Ireland, Luxembourg, Netherlands, Norway, Poland, Portugal, Sweden, Switzerland and the UK, including others like Guernsey, Isle of Man, Jersey, San Marino and Vatican.
- CB, MX and U.S. hurricane: Caribbean, Mexico and the U.S.

Our approach to modeling is discussed further in the section on managing risks from climate-related natural catastrophes (see page 158). We highlight how various drivers including exposed insurance portfolio and vulnerability changes, model updates, exposure data quality, foreign exchange rates and reinsurance can influence natural catastrophe modeling output (e.g., AEL, PML) over time.

Scope

The climate risk assessment is applied to our portfolios, namely the exposure of our P&C business to natural catastrophe perils, impacted by climate change that could materially impact us.

Quantification

AEL
AEL provides a view on the expected loss due to natural catastrophes per year, averaged over many years.

PML
PML is a tail metric that looks at severe, unexpected but still possible outcomes of natural catastrophes at a defined probability of occurrence.

Monetary losses
Amount of monetary losses attributable to insurance payouts from natural catastrophes.

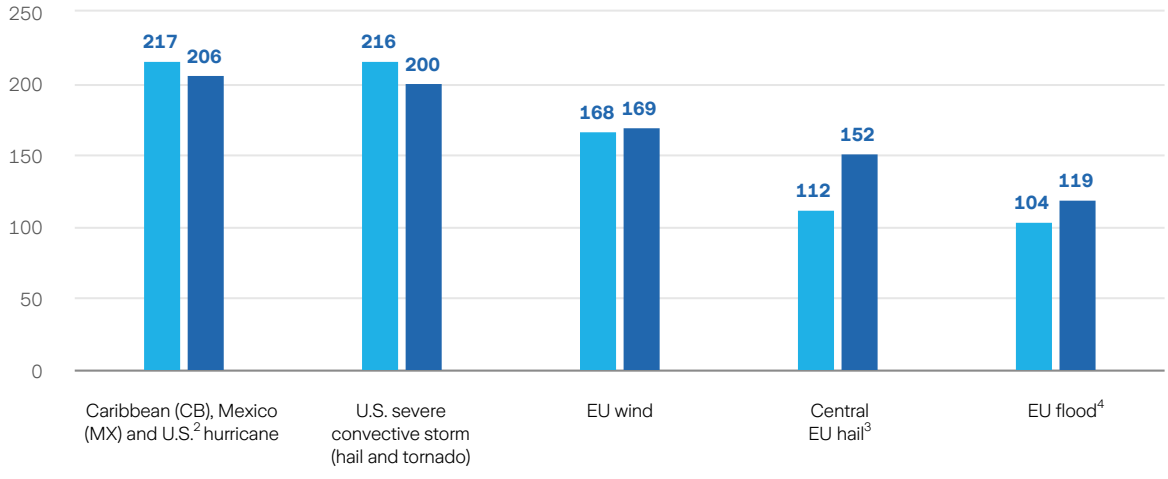
TCFD E

Annual Expected Loss

Figure 11

Annual Expected Loss for top five peril regions[1]

in USD millions



1 AEL excludes Farmers Re's participation in the Farmers Exchanges' all lines quota share treaty of 8 percent as of December 31, 2024. This treaty contributes to Zurich Group's AEL for U.S. severe convective storm with USD 85 million and for U.S. hurricane with USD 16 million.
2 The geographic scope includes correlated exposure in the CB and in MX. The AEL for U.S. hurricane only is USD 184 million in 2024.
3 The scope of the Central EU hail model was extended to also include Czech Republic, Denmark, Estonia, Finland, Great Britain, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Norway, Poland, Slovakia, Slovenia and Sweden.
4 The scope of the EU flood model was extended to also include Denmark, Finland, France, Ireland, Luxembourg, Netherlands, Norway, Poland, Portugal and Sweden.

Our modeled AEL from climate-related natural catastrophes provides an indicator of our current exposure to perils that might be affected by climate change. The AEL analysis above reflects our current top five peril regions, net of reinsurance, before tax and excluding unallocated loss adjustment expenses. This analysis helps us manage risks related to insuring these perils, such as accumulation risk. Risk appetite limits by peril region are in place and exposure is currently within appetite.

2024 numbers generally reflect exposure, model, reinsurance and exchange rate changes since the last reporting. The increase of Central EU hail is driven by a model change, including geographic scope extension and increased granularity of exposure data for Italy. The modeled geographic scope has also been extended for EU flood.

Probable Maximum Loss

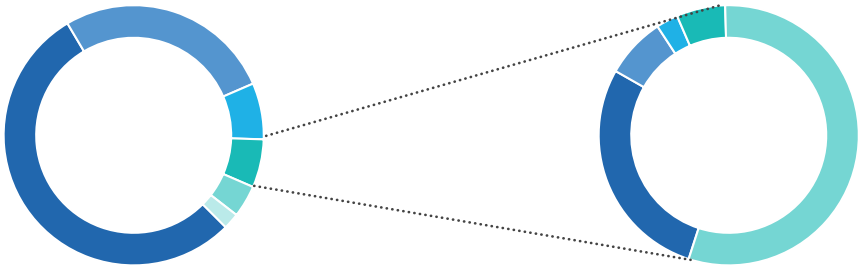
The graphs below show the materiality of natural catastrophe risk relative to other risk types and the materiality of our climate-related perils to overall catastrophe risk. Natural catastrophe risk accounts for only 6 percent of our Swiss Solvency Test (SST) total risk capital. From those 6 percent only 45 percent relate to natural catastrophe risk with North America hurricane being the largest contributor.

Figure 12

SST by risk type and climate-related perils as proportion of natural catastrophe SST risk capital

SST total risk capital contribution by risk type

Climate-related perils as a fraction of natural catastrophe SST total risk capital[1]



Market risk	54%
Premium & reserve risk	27%
Business risk	7%
Natural catastrophe risk	6%
Life insurance risk	4%
Other credit risk	2%

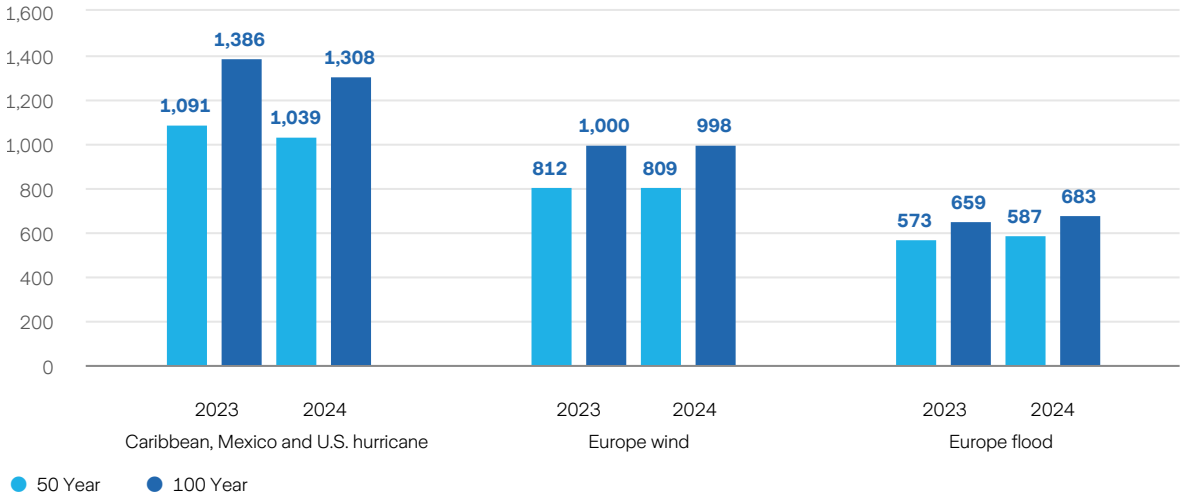
North America hurricane	28%
Europe wind	8%
Europe flood	3%
Other climate-related	6%
Non-climate-related	55%

1 The natural catastrophe SST total risk capital is defined by the 1 percent worst annual losses. These are driven by peril regions with large potential losses beyond 100-year return period (e.g., North America hurricane).

Figure 13

Probable Maximum Loss by top three peril regions[1]

in USD millions



1 PML excludes Farmers Re's participation in the Farmers Exchanges' all lines quota share treaty of 8 percent as of December 31, 2024. This treaty increased Zurich Group's PML for US hurricane by USD 81 million for the 50-year PML and by USD 96 million for the 100-year PML.

The net annual aggregate 50- and 100-year PML are shown above for the top three climate-related peril regions measured by SST total capital contribution.[1]

P&C monetary losses from natural catastrophes

Our loss ratio for 2024 was 65.6 percentage with 0.6 percentage points attributable to the following natural catastrophe experienced in 2024. We follow the Group's Catastrophe Response Group (CRG) governance for natural catastrophe identification. Here we report events where the total net loss is above USD 200 million. The Hurricane Helene event and figure has been reviewed by the CRG, a cross-functional committee which oversees and recommends to the ExCo the best-estimate ultimate loss for material catastrophes. The term "catastrophe" in the context of the CRG covers both man-made and natural catastrophe peril events that are relatively infrequent or are phenomena that produce unusually large aggregate losses.

Table 2
Total amount of net losses[1]

Event name (by event and region)	Total net losses in USDm (2024)
Hurricane Helene (hurricane, North America)	250
Total	250

1 Only events above USD 200 million are reported.

In estimating the total net losses of catastrophes, assumptions and models are applied. These assumptions and models do not only have inherent variability, but can also change over time as the catastrophe event develops. Hence the estimates provided above can change over time as the event matures and the estimates become more stable.

An important aspect of our proprietary view on natural catastrophe risk is the evaluation of patterns and trends in catastrophe activity with time. Natural variability of event activity is an integral part of our view on natural catastrophe risk, as are statistically significant trends that may be detectable in our claims experience or credible, conclusive modeling of past, present and future climate as a driver of loss activity. We regularly revisit our risk views and underlying models on climate-related perils in order to reflect trends in the hazard, whereas exposure trends are naturally captured by exposure data updates. Natural variability is at the same time evaluated and kept up to date as part of the regular reviews of our natural catastrophe risk view, which underpins the structuring and purchase of reinsurance along with the profitability assessment and strategic capacity allocation for risk assumed from customers.

We follow a gross-line underwriting strategy and focus substantial time and resources on ensuring risk-adequate underwriting and pricing of the business we assume upfront, including consideration of potential climate change induced trends. Reinsurance is used as a means to maximize diversification of net retained risks and to protect shareholders against earnings volatility. We engage with a core panel of reinsurance partners to secure the required capacity at sustainable pricing over the medium term. Given our financial strength, we have the option to weigh the benefits and cost of reinsurance against other forms of risk financing and thus adapt to supply-side changes in the reinsurance market as a potential consequence of the macroeconomic response to climate change adaptation.

3.1.4 Portfolio level scenario-based climate risk analysis

We consider potential longer-term impacts of climate change to our business through an annual scenario-based analysis which considers our underwriting and investment activities as well as our own operations.

Key aspects of our analytical framework are outlined below. To ensure the medium-term outlook is sufficiently distinct from our financial planning cycle, we extended the medium-term timeframe from 2030 to 2035 as part of our 2024 cycle (see Figure 10 on page 139).

1 Our disclosure shows our efforts to provide additional details. However it is acknowledged that full compliance is not envisaged e.g., due to our reporting standards (no disclosure of gross losses), or our industry's catastrophe modeling standards. There are generally no catastrophe models available, for example, for chronic diseases, droughts and extreme heat and therefore no PMLs can be provided. Tsunami risk is correlated (and modeled) with seismic risk and therefore cannot be reported on a stand-alone basis as part of insured products from weather-related natural catastrophes, which are the scope of SASB.

Figure 14

Scope and time horizons for climate risk analysis[1]

	Underwriting	Investments	Operations
Approach	Premium analyzed by Line of business (LoB), region and industry and sector respectively to identify areas with potentially high exposure to physical and transition risk. Each such area analyzed in depth to understand the potential relationship between key climate drivers and insurance demand and loss experience.	Third-party model leveraged to understand impacts to asset valuations through exposures of companies and industries to physical and transition risk drivers. Analysis informed by asset-level data on relevant risk drivers, including CO2e emissions, abatement costs, exposure to physical risks, dependency on fossil fuels.	Physical risk exposure analysis performed to understand potential future exposures at key locations combined with model-based assessment of supply chain resilience to transition risk.
Scope	– Most material P&C LoB / Industry sectors (64 percent premium) – Life protection products (93 percent premium)	– Listed equities – Corporate credit – Real estate – Sovereign bonds	– Owned offices and offices with greater than 10-year lease terms, with more than 100 employees – All strategic data centers – Suppliers performing services with the highest level of criticality
	– Percentage change in demand is the estimated impact on size and composition of demand for insurance products due to the drivers of physical and transition climate risk, compared with a 2035 baseline. – Percentage change in expected losses is the estimated impact on claims due to the drivers of physical and transition climate risk, compared with a 2035 baseline.	Impacts to asset valuation for listed equities, corporate credit and real estate, which represents approximately 35 percent of the assets under management. Sovereign bonds are assessed qualitatively.	Changing exposure to natural catastrophes.
Medium Term 3 – 10 years (until 2035)	Quantitative	Qualitative	Quantitative
Long Term 10 – 30 years (until 2050)	Qualitative	Quantitative	Quantitative

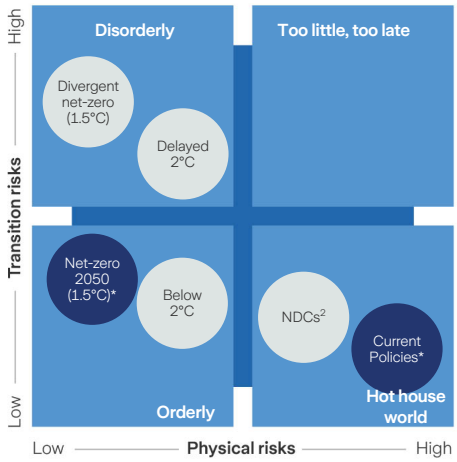
1 For details on modeling approaches, methodologies and key assumptions, see section 3.2.3 Portfolio level, scenario-based climate risk analysis on pages 158 to 159.

Scenarios used

The scenarios underpinning the analysis of our underwriting and investment activities are drawn from the Network for the Greening of the Financial System (NGFS) suite and are chosen to allow us consider a broad range of risks and opportunities of varying degrees of physical and transition risk and determine the resilience of our strategy in both net-zero aligned and high physical risk future states. The emissions pathways of the selected scenarios correspond broadly to representative concentration pathways (RCP) 2.6 and 6.0.

The scenarios used to understand physical risk impacts to our own operations are broadly aligned with those used for our underwriting and investment analysis in terms of RCP assumed (RCP 2.6 and 8.5), meaning we consider similarly varying degrees of physical risk.

Figure 15
NGFS scenario framework[1]



* Used scenarios.
1 Scenario used from NGFS: www.ngfs.net/ngfs-scenarios-portal
2 Nationally Determined Contributions.

Current policies

This scenario assumes that only currently implemented policies continue, leading to high physical risks. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks. This includes irreversible changes like higher sea level rise. The assumed levels of physical risk impact productivity, suppress economic activity and ultimately result in declines in GDP. Overall levels of transition risk in this scenario are low.

Net-zero 2050

An ambitious scenario that limits global warming to 1.5°C by 2100 through the immediate implementation of stringent climate policies and innovation, reaching net-zero by 2050. Some key jurisdictions reach net-zero for all greenhouse gases by this point. CO2 removal is used to accelerate decarbonization but kept to a minimum. Physical risks are relatively low but transition risks owing to regulation, carbon pricing, technological changes and climate abatement costs are higher but still on a low level.

3.1.5 Portfolio level scenario-based climate risk analysis: Underwriting



Sierra Signorelli
CEO Commercial Insurance

TCFD | E

Underwriting analysis

- The results for our Property & Casualty (P&C) business show an increased impact in the scenario year under both current policies as well as a net-zero 2050 scenario. However, impacts are still considered to be of low materiality to the Group. No material changes in response are, therefore, deemed necessary.
- Medium-term demand impacts to our Life Protection business are broadly stable owing to several factors, including changes in geographic mix and the later assumed calculation date. Loss analysis by 2035 shows low losses but with the potential for higher losses if transition risk gives rise to high levels of unemployment.

Key analysis findings

Outcomes from our medium-to-long-term climate risk scenario analysis are presented below.

Medium term

Figure 16

Potential climate change-related impacts to our underwriting portfolio under current policies and net-zero 2050 scenarios with strategically aligned responses

Sector	Line of business	Portfolio weight	Demand impacts		Loss impacts	
			Current policies	Net-zero 2050	Current policies	Net-zero 2050
All sectors	Retail and commercial motor					
All sectors	Property					
Construction	–					
Financial services	–					
Agriculture	–					
Heavy industry and mining	–					
Fossil fuels	–					
Power	–					
All sectors	Life protection					

Portfolio weight (% of GWP)

- High (>10%)
- Medium (5–10%)
- Low (<5%)

Impact thresholds

- High risk (relevant for consideration Group response)
- Medium risk
- Low risk
- Low growth
- Medium growth
- High growth

Definition of terms used:
- Sector: Industry group of the customer base except for transport, which was considered together with the total motor book, and property, which was considered across industry due to the overarching impact of physical risk associated with climate change.
- Weight in underwriting portfolio: Indicates how much the sector/geography/line of business being considered contributes to the overall underwriting portfolio.
- Demand impacts: High, medium and low risk relate to the potential decline in premium volume due to the various scenarios whereas high, medium and low growth indicate that there is a potential increase in premium due to the changing landscape driven by transition.
- Loss impacts: High, medium and low as above relate to the potential increase in losses in each sector if no strategic or mitigating action is taken as part of the underwriting strategy.

Overall **impacts to P&C demand and losses** in 2035, under the scenarios considered as modeled and with assumptions made, are estimated to be of **low materiality in both scenarios**. In general, the diversification of our P&C business in terms of geographic footprint, industry mix and line of business limits our potential impacts. Under both scenarios our existing portfolio management processes allows us to flexibly respond to potential climate risks and opportunities, mitigating modeled impacts that result from the static balance sheet approach, that does not allow for any portfolio changes over the scenario period. Analysis to date does not suggest material impacts to fee income received from Farmers Group Inc. through to 2035.

Current policies: a closer look

P&C

Physical risk is assumed to dominate in the current policies scenario. In that scenario, two main transmission channels can lead to impacts on our insurance portfolio. Firstly, the scenario assumption that increasing physical risk will lead to a general modest suppression of economic growth and a reduction of retail purchasing power is expected to also reduce demand for insurance. Secondly, climate change driven changes in severity and frequency of severe weather events can increase losses in our property and, to a lesser degree, motor books.

With increases in physical climate risk being a long-term trend, both impacts remain small over the scenario timeline. **Compared to previous results**, the latest analysis shows **lower loss impacts for our property portfolio**, reflecting our management actions around **exposure reduction and climate change-related adjustments to expected losses in our natural catastrophe models**.

A notable shift in the latest results is the prediction of increased motor losses compared to previous assessments. This is driven by the assumption of higher EV penetration even under a current policies scenario, which is reflective of increased sales trends over the last few years.

Life

The scenario assumption is that increasing physical risk will lead to a general modest suppression of economic growth and hence a fall in demand for life protection insurance. Climate change-driven changes in temperatures are assumed to increase claims losses based on their impact on specific causes of death or disability claims.

Our Life protection is primarily based on retail sales but with a material proportion relating to corporate business. For retail business, we are assuming that demand will change in line with overall GDP impacts in each relevant economy. The effect of risk varies by country. For corporate business the model attributes different industry size impacts by scenario. In a steady state this gives rise to a lowering of demand for corporate insurances. However, this may not fully allow for opportunities related to growing sectors and their changing need for life protection for their workforces.

Our high level assessment of loss impacts suggest low effects by 2035. We note the potential for rising temperatures giving rise to increasing claims from sources such as cardiovascular disease. Given our geographic footprint and protection coverage types, we do not model major additional claims from acute weather events.

Net-zero 2050: a closer look

P&C

Under the net-zero scenario, insurance demand can be impacted through three categories:

- Through direct increases or decreases of insured activities, such as construction of renewable projects.
- Through changes in economic growth directly related to the transition, such as a growth in total electricity production.
- Through contagion of transition effects to the overall economy.

The net-zero 2050 scenario is predicated on an immediate transition over the next 10 years, with the period of highest transition risk occurring before the 2035 scenario year. Due to the speed of scenario developments, changing the scenario horizon to 2035 from 2030 as in previous assessments, results in a discernible change in results.

Particularly, by 2035, the scenario moves beyond a transitory increase in investment activity that drives insurance demand through growth opportunities in construction insurance for renewable energy projects and retrofit projects that upgrade buildings to net-zero standards. By 2035, the scenario hypothesizes that a **significant part of required transition investments have been completed**, particularly in the power sector, where investment activity returns below current levels.

Outside of the construction space, industrial production and with it insurance demand is expected to continue to grow, reflecting economic and demographic developments both driven by and unrelated to transition efforts. However the high carbon prices under a net-zero scenario combined with a lower demand for industrial goods such as cement, steel and chemicals due to improvements in material efficiency and circularity, depress industrial growth compared to a current policy scenario. Growth in specific transition relevant materials such as copper or cobalt will not be sufficient to compensate the overall reduction in industrial output.

Combined with the general contagion of carbon prices on economic growth, company net revenues and country GDP, our model output therefore provides a **more negative insurance demand outlook under the net-zero scenario** compared to our baseline scenario or the current policies scenario over the scenario time horizon. To note is that a large part of this negative impact will be driven by our static balance sheet approach. While this approach is useful to isolate climate effects and simplify modeling, it overestimates negative impacts as it disregards organic changes of our portfolio that would track shifts in economic activity and automatically capture growth from transition relevant activities that are not yet present at scale today.

The rapid uptake of new low-carbon technologies under the net-zero scenario will also come with increased risk of insurance losses. This applies to new technologies in renewables, carbon capture and storage for power and industry, hydrogen for industry, as well as new construction materials and techniques in the construction sector, which are difficult to price due to the lack of historical claims data. Due to the uncertainty of technological developments, we are not able to fully quantitatively model potential loss developments. From qualitative workshop discussions that are part of our scenario assessment process, the speed of change has been consistently assessed as a driver that might exacerbate transition risk impacts, as skills and supply chains might not keep up with the required technological change, leading to more disruption and losses. However based on current trends, this situation seems unlikely to unfold as companies and governments are increasingly aware of the trade-offs and risks, and deploy mitigating actions to control the speed and quality of deployed technologies. By maintaining our careful approach to underwriting new technologies and working with customers to understand their challenges and build up experience over time, we also expect that we would be able to maintain adequate pricing and risk selection to retain profitability through this transition period.

An area where this dynamic is already unfolding is the motor sector, with the increasing uptake of electric or alternatively fueled vehicles. Combining the expected EV growth of the net-zero scenario with current EV loss trends results in a pronounced negative impact in our scenario modeling. However as our understanding of EV specific loss drivers is already improving and being reflected in pricing models, we can expect that the move to EVs will not have sustained impact on our overall motor portfolio profitability.

Life

For the Life business, modeling shows transition impacts by 2035 are sufficient to give greater overall demand falls than under the current policies scenario. However, by that stage it is noticeable that in the LATAM region the beneficial impacts of the net-zero policies in reducing physical risk outweigh the additional demand suppression from transition risk. This balance of physical risk and transition risk will vary depending on the choice of model year.

For the loss analysis on the Life business we note that, by 2035, modeling suggest lower levels of temperature increase under the net-zero scenario than the current policies scenario. This in turn leads to lower expected losses on the portfolio.

Long-term

P&C and Life

In the long term (beyond 2035 to 2050), under the current policies scenario, the **severity and frequency of acute and chronic physical risks** are expected to **steadily increase**, however with regional differences in speed and severity (e.g., coastal areas, wildfire zones). Quantitative modeling over these timelines is no longer sensible, as socioeconomic, political and technological developments will have a material impact on insurance loss trends and those developments are much less predictable over longer time periods. Given our business is concentrated in developed countries with a fairly high adaptive capacity, it is reasonable to assume that even for a 2050 time horizon, insurability will be more or equally determined by political and market developments rather than pure physical risk. Our existing accumulation and portfolio management processes already enable us to monitor developments and evolve our risk appetite as physical and political changes arise.

Under the net-zero scenario, by design, transition activities will have been successfully concluded by 2050, thereby diminishing further transition risks. Under the scenario parameters we can expect a peak of transition risks around 2030 with a gradual reduction of transition risk thereafter, as more of the economy becomes aligned with a net-zero pathway. While transition risks will remain elevated until 2050 in many regions, depressing GDP growth, they are not expected to increase beyond the levels modeled for 2035.

While not quantitatively modeled, we expect this outcome would be markedly different under a delayed transition scenario, where after lower short-term transition risk a higher peak is expected around 2040, as potentially more change needs to happen in a shorter time period.

Responses

Under both scenarios our existing portfolio management processes allows us to flexibly respond to potential climate trends. Relying on those processes will allow us to respond to emerging climate-related risk drivers the same as for other risk drivers. Generally depressed economic growth and inflationary pressures predicted under both scenarios are risks we are equipped to deal with in line with general market and insurance cycles.

Given this flexibility to adapt and our existing risk management processes, the static balance sheet approach employed in scenario modelling will overestimate longer-term impacts on our portfolio. Using this static balance sheet approach is a conscious choice to limit model complexity, better isolate climate trends and provide an indication on potential worst case impacts. As we are aware of its limitations when considering strategic implications of our model output we still consider it to be appropriate as the starting point to discuss responses.

Life

Whilst our Life protection portfolio includes some longer-term contracts, our corporate business is primarily short term in nature. The business is also diverse in terms of geographic footprint and (for corporate business) industry mix. For longer-term business, we **remain vigilant to the potential for long-term trends** affecting mortality and morbidity trends. We will continue to develop our climate-related loss analyses and use these to inform our pricing and underwriting.

P&C

In general, the **diversification of our P&C business in terms of geographic footprint, industry mix and line business limits our potential exposure**. Our ability to annually re-underwrite and adapt our pricing and risk selection criteria to emerging trends allows us to **respond to emerging climate trends and balance near-term market movement** against mid-term strategic scenario possibilities.

Our ongoing focus on natural catastrophe modeling and accumulation management will continue to prepare us for future developments of physical climate risk.

The actions outlined in our climate transition plan to deepen our understanding of the technologies, barriers and dependencies involved in the transition pathways of different industries, will also prepare us for the potential risks and opportunities expected under a net-zero scenario. Where we see profitable opportunities arising, we will continue to develop new insurance solutions for nascent technologies which present new risks and therefore require innovative approaches to insurance. By engaging early, we collect crucial data to identify and mitigate technological risks.

Impact areas for consideration	Response	Progress
Physical impact of climate change continues to drive potential risk in the property book	We continued to develop our best-in-class catastrophe modeling and accumulation management.	Completed our initiative on rebalancing capacity deployment within our North American business. Maintaining sound exposure management across our key peril regions will remain an ongoing focus, as will further rebalancing as part of ongoing business using in-house climate science experts and external advisors.
Monitor profitability trends associated with EV	Under all considered scenarios the uptake of EVs will increase, requiring continued focus on monitoring profitability trends associated with EVs to adjust our propositions appropriately. Additionally, we are seeking to optimize claims networks for emerging technology and expanded focus on technological advancements in driving and vehicles.	Our share of EVs in the overall motor portfolio is consistent with our footprint and local EV market trends, showing that our evolving motor propositions adequately capture the growing EV penetration.
Potential impacts on carbon-intensive sectors under a net-zero scenario and associated sectorial shifts	Continue to balance risk across the portfolio and understand the risks associated with transition trends and technologies	The actions outlined in our climate transition plan to deepen our understanding of the technologies, barriers and dependencies involved in the transition pathways of different industries and supplement our overall portfolio and performance management processes. Where we see profitable opportunities arising from transition trends, we will continue to develop new insurance solutions for nascent technologies which present new risks and therefore require innovative approaches to insurance.

Case study

Together with Aon we have launched a pioneering clean energy insurance facility, providing comprehensive coverage globally for blue and green hydrogen projects with capital expenditures of up to USD 250 million. The initiative is the result of extensive research that both parties have conducted over the past two years around the specific needs and challenges of our customers when developing blue and green hydrogen projects. We, as the lead insurer, and Aon, as the exclusive broker, aim to accelerate the development of clean hydrogen projects. Clean hydrogen has immense potential as an eco-friendly alternative to fossil fuel and we strongly believe it can play a critical role in the energy transition.

The new multi-line clean energy insurance facility offers comprehensive coverage through a single integrated policy, encompassing construction, delay in start-up, operational cover, business interruption, marine cargo limits, and third-party liability. It also includes coverage for carbon capture, utilization, and storage (CCUS) technologies, providing customers with a complete suite of solutions across the entire value chain of hydrogen production.

Green hydrogen is produced by splitting water into hydrogen and oxygen via electrolysis powered by renewable energy. Blue hydrogen is derived from natural gas and uses carbon capture technologies to reduce its carbon intensity. It represents a bridge technology until green hydrogen is available in sufficient quantities and at competitive prices.



Stephan van Vliet
Group Chief Investment Officer

TCFD E

3.1.6 Portfolio level scenario-based climate risk analysis: Investments

Proprietary investment portfolio analysis

- Our analysis indicates that climate change-related risk to asset valuation would not pose a major risk to our capital position. This conclusion considers equity, credit and real estate, which represent approximately 35 percent of our assets under management.
- Under the net-zero 2050 scenario, the accumulated impact for our investment portfolios is limited. However, we observe higher transition risks, leading to a greater modeled impact on valuations for carbon-intensive sectors. These increased climate-related impacts can be attributed to several potential market changes, such as regulatory shifts, carbon pricing, technological advancements, climate mitigation costs, increased demand for low-carbon products and services, and decreased demand for fossil fuel-related products and services.
- Under the current policies scenario, we observe low or moderately low physical risks for our investment portfolios, as physical risks are estimated to materialize and impact the asset valuation more profoundly further out in the future compared with the maturity patterns of climate transition risks. The model indicates high physical exposures for a few sectors, such as agriculture and activities in tropical regions, but where our investment asset exposure is limited.
- Our analysis of sovereign bonds indicates mildly inflationary outcomes under both current policies and net-zero 2050 scenarios.

Key analysis findings

Outcomes from our medium-to-long-term climate risk scenario analysis are presented below.

Medium term

The net-zero scenario will see the largest negative near-to-medium-term impact, due to rapid transitioning over the next few years which will be disruptive for economic activity. However, the economic impact is likely to turn positive over time, as large-scale investments in new technologies generate both stronger demand and productivity gains, as economic activity and energy systems adjust to higher carbon prices. Some challenges are still likely to remain over the medium to long term, however, in particular around the larger costs associated with achieving the “last mile” of emission reductions. The current policies scenario, sees a permanent and negative impact on economic activity that will materialize over the medium to long term, including beyond the 2050 horizon, but near-term impact is likely to be relatively limited.

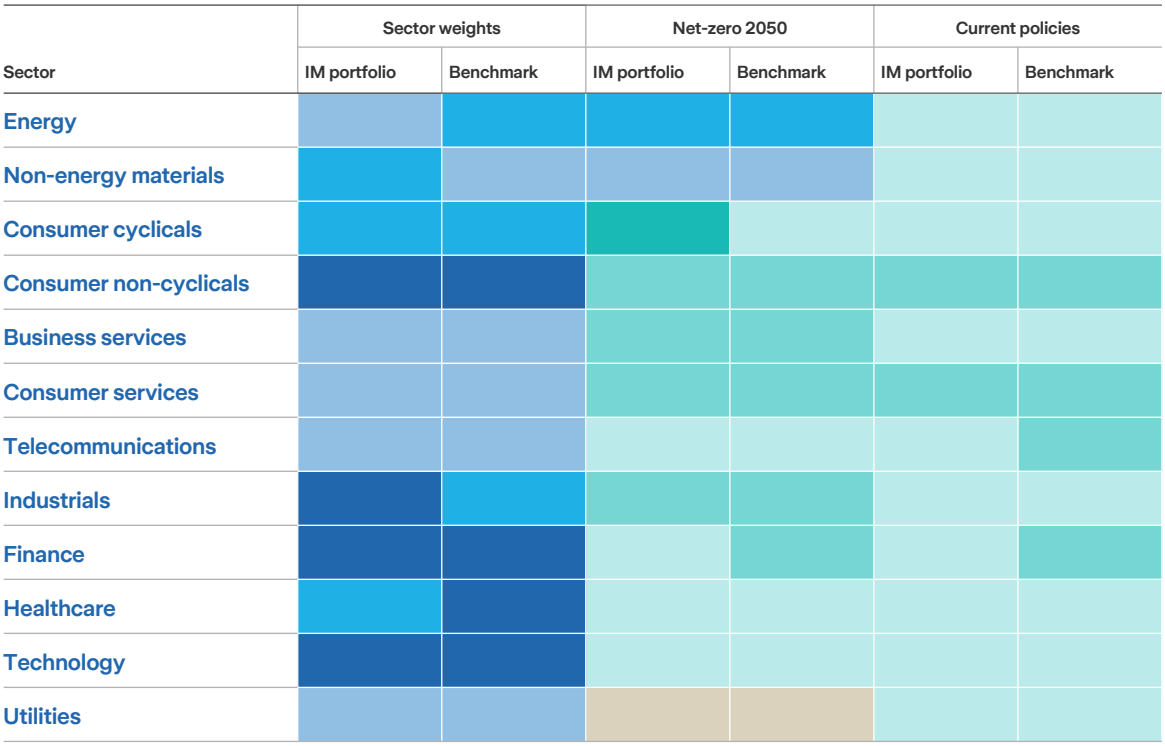
Long term

Listed Equities

Overall, the impacts on our global equity portfolio are slightly smaller than those of a broad market benchmark, especially in the current policies scenario. This can be explained by several factors, including geographic exposure, different sector weighting and specific security exposure.

Figure 17

Estimated impact on listed equity portfolio across net-zero 2050 and current policies scenarios in comparison to a well-diversified global equity benchmark[1]



1 The sector heatmap is calibrated to highlight relative impact per industry sector. Aggregate scenario level impacts are assessed in relation to our definition of financial materiality.

Under the net-zero 2050 scenario, we observe elevated transition risks of carbon-intensive sectors such as energy, non-energy materials, and consumer cyclicals, where the impact on valuation is significantly higher than for lower carbon-intense sectors. These sectors face greater impacts compared to low-carbon sectors by, for example, the increase of carbon pricing mechanisms and demand changes which can result in lower profit margins. Conversely, opportunities arise for sectors that can contribute to and benefit from the transition to a low-carbon economy, particularly utilities. Those stand to gain from the demand creation resulting from the introduction, development and deployment of renewable energy solutions. Compared to previous assessment cycles, we note that some sectors both within our equity portfolio and within the benchmark are now experiencing altered asset valuation impacts, which can mostly be explained by model updates. The primary factors driving these changes include updates to the marginal abatement cost curves to reflect the latest technological expectations, revisions to the core oil and gas model, and improvements in growth models. Lower abatement costs diminish the competitive edge of low-carbon intensity players while reducing costs for high-carbon intensity sectors, leading to lower valuation impacts for carbon-intensive sectors like energy and lower opportunity impacts for sectors such as utilities. Changes in oil and gas modeling now incorporate a higher global oil price and demand curve, replacing previous regional differences. For gas, the model now distinguishes between three global regions with varying gas prices. Those changes are leading to increased impacts in particular for energy. Additionally, the updated growth model better captures the lifecycle of companies, reflecting three distinct phases: growth, transition, and terminal. This refinement has resulted in increased impacts, particularly for consumer cyclicals and energy.

For lower-carbon sectors, such as services, finance, and healthcare, we observe low impacts on asset valuations. This result is sensible given their limited direct exposure to climate-related transition risks via their emission intensity profile. However, for finance, the indirect exposure through the financing of higher-emitting sectors is not accounted for in the asset class valuation modelling. In scenarios involving increased carbon pricing, stricter climate-related regulations, or advancements in low-carbon technologies, the finance sector could encounter more significant exposure to climate transition risks, necessitating mitigation measures. Although not shown directly in the outcome of the analysis, all sectors, including low-carbon sectors, could potentially be severely impacted by a rapid transition to a low-carbon economy, as it can lead to energy scarcity, rising energy prices, and economic bottlenecks. On the other hand, many sectors could potentially benefit from the transition to a low-carbon economy, by taking measures to meaningfully decrease GHG emission or increase exposure to low-carbon solutions and services offerings.

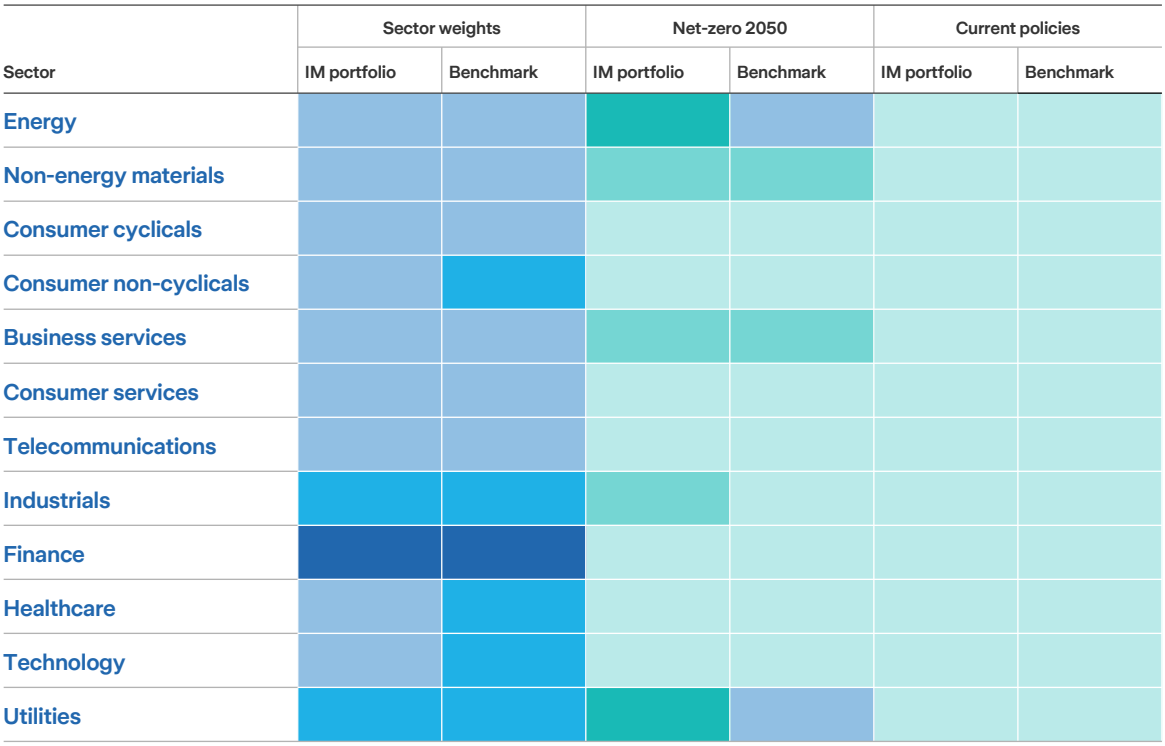
Under the current policies scenario, physical climate-related risks are estimated to have a low to moderately low impact on asset valuations, in contrast to the higher transitional risks observed under the net-zero 2050 scenario. This difference occurs because the most significant physical impacts of climate change are projected to occur further in the future, beyond the time span covered by the model, making them less immediate compared to transitional risks. However, the 1.5°C temperature limit was breached in 2024, which is much earlier than many climate scientists have predicted, we need to be aware that physical climate-related risks may materialize faster than previously expected. The potential impacts on our portfolio will therefore need to be monitored closely going forward.

Corporate Credit

The outcome of the model shows that our corporate credit portfolio has lower impact levels than the benchmark in general.

Figure 18

Estimated impact on corporate bond portfolio across net-zero 2050 and current policies scenarios in comparison to a well-diversified global benchmark[1]



1 The sector heatmap is calibrated to highlight relative impact per industry sector. Aggregate scenario level impacts are assessed in relation to our definition of financial materiality.

We observe notably lower climate-related impacts for our global credit portfolio compared to our listed equity portfolio. This discrepancy can be attributed to the shorter maturity of the credit portfolio, as bonds typically mature before the most severe climate-related risks come into effect. This may lead to an underestimation of the long term climate-related exposure, as the climate risk from bonds bought after the maturity of the initial portfolio is not captured. Assessed against previous year's reporting, we note only minor changes in the asset valuation of the portfolio.

Compared to our listed equity portfolio, the 'Finance' sector has a higher weighting in our corporate credit portfolio. The model only considers direct climate risks for the finance sector, excluding potential material indirect impacts through portfolio-related activities. Therefore, we will closely monitor these indirect risks to ensure that any potential impact on valuation is adequately addressed over time. Under the net-zero 2050 scenario, our corporate credit portfolio exhibits similar patterns as our listed equity portfolio, with carbon-intensive sectors facing higher transition risks and thus greater modeled impacts on valuation compared to low-carbon sectors. For utilities, our corporate credit portfolio is more weighted toward climate transition laggards, while our listed equity portfolio has higher exposure to climate transition leaders. This discrepancy explains the significant divergence in asset valuation impacts between the equity portfolio, which is estimated to benefit from opportunities in a net-zero 2050 scenario, and the credit portfolio, which is expected to face moderate detrimental impacts. Additionally, the benchmark has a higher exposure to utilities than our credit portfolio, which accounts for the higher impacts observed in the benchmark compared to our credit portfolio. For business services and industrials, we anticipate slightly higher transition risks for our corporate debt portfolios compared to the benchmark. This is because our portfolio has relatively high exposure to entities within these sectors that offer services associated with higher greenhouse gas emissions, and thus higher transition risks, such as waste management and environmental services. However, these sectors have a low overall weighting in our portfolio.

Under the current policies scenario, we observe low impact levels on asset valuation. The bonds in our corporate credit portfolio tend to mature before the strongest climate-related risks materialize. However, as physical risks will most likely materialize earlier than previously anticipated, the potential impacts to our portfolio will be closely monitored.

Sovereigns

The climate change-related risks on our sovereign debt exposure are analyzed differently than the other asset classes[1] highlighted above.

Sovereign bond impacts reflect the macroeconomic effects of changes in energy consumption, energy costs, physical risks of climate change, and the response of central banks to those shocks. A significant upward move in inflation will result in higher nominal government bond yields, implying a negative price and asset valuation impact.

The two NGFS scenarios considered differ markedly with respect to their inflationary consequences. The current policies scenario has a relatively limited inflationary impact over the time period considered. While labor productivity is expected to suffer in a hotter world, which would put upward pressure on prices and inflation, this effect is only expected to develop slowly. There are also likely to be offsetting changes in demand and economic activity in the worst affected regions, resulting in relatively minor overall inflation impact. By contrast, the net-zero 2050 scenario is seen as inflationary, with inflation set to overshoot central bank inflation targets by a significant amount over the earlier scenario period, primarily driven by the introduction of a rapidly rising price of carbon, but also reflecting strong investment demand and potentially disruptive changes to energy systems. While this will exert upward pressure on government bond yields, the impact is seen to be transitory, as central banks retain their inflation targets, preventing a more severe and persistent inflationary outcome from developing. This means that the overall average impact on yields is estimated to remain relatively limited, particularly for securities with a longer maturity. That said, periods with heightened volatility, both in inflation and nominal government bond yields, should not be ruled out. While not modeled under the asset only view presented here, we note that adverse pricing impacts from rising yields on our sovereign bond portfolios will be materially offset by a similar effect on the discounted value of our liabilities.

Real Estate

We continue to observe only minor exposure to climate change-related risks in our real estate portfolio. Given the almost unchanged regional and sectoral portfolio diversification between 2022 and 2023, the changes in valuation impact compared to previous reporting are primarily driven by changes in model variables. Impacts in real estate in Q4 2023 and Q1 2024 are mainly driven by changes in the marginal abatement cost curves.

The impact valuation levels have slightly increased for the real estate portfolio, with the most substantial impact occurring under the net-zero 2050 scenario. More than 80 percent of our direct real estate investments are in Europe with an overweight in Switzerland and Germany. Under the different scenarios, our portfolio is most exposed to rising temperatures in Southern Europe, where residents will become more reliant on electricity to power ventilation, fans or air conditioning to stay cool under warmer temperatures. Under the net-zero 2050 scenario this could be subject to, among others, risks associated with carbon price introduction, if electricity consumption is relying on carbon-intense sources. In order to mitigate climate-related risks of our real estate portfolio, buildings in our portfolio are to be constructed with more low-carbon materials and become more energy efficient, with both heating and cooling of buildings deriving from low-emitting sources and technologies (such as heat pumps).

As part of its investment decision process we also rely on physical risk inputs provided by Zurich Resilience Solutions (ZRS).[2] This location-specific analysis helps identify potentially underperforming Real Estate assets in riskier, less resilient geographies, and enables a more accurate view on potential future adaptation requirements and mitigating measures.

Responses

Our strategic response to the climate change-related risks we observe in this analysis is our long-term commitment to decarbonize our investment portfolio to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels. To support our net-zero commitment, we have set interim targets for engagements, climate solutions investments and emission reductions and have further strengthened our policy toward high emitting sectors.

We will continue with several key actions to remain resilient to identified risks:

- As climate change-related risks can rapidly evolve and materialize faster than expected, we will conduct regular monitoring and active management of the risks.
- We will continue to address risks associated with carbon-intensive sectors through a bottom-up approach with our emission reduction targets, outlined in the section 1.2 Climate transition plan (see on page 125) around our 2030 interim targets, and fossil fuel exclusion policies, and we will continue with efforts to deliver our long-term commitment to decarbonize our investment portfolio to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels.

1 Impacts on government bond yields are derived using the national institute global econometric model (NiGEM*) model. NiGEM* is a global macroeconomic model and models the effect of climate shocks on macroeconomic variables such as GDP, inflation, debt issuance, and central bank policy rates. These macroeconomic factors are key drivers of interest rate risk for sovereign bonds, and default risk for each sovereign issuer. The price impact for individual sovereign debt securities in the portfolio are then derived.
2 ZRS provides an end-to-end analysis encompassing a portfolio-level climate risk analysis, through to location-level climate risk assessments.

- The oil and gas policy implemented in 2023 for private debt investments helps us further to mitigate exposure to climate risk. Zurich will not provide private debt financing of projects in the Arctic[1] and in new oil and gas upstream projects.[2] We further specified investment boundaries for mid- and downstream projects, subject to local governance.
- As part of our ongoing commitment to impact investing and our target to help avoid the emission of 5 million metric tons of CO2e per year, we will invest in climate solutions across different asset classes to finance climate mitigation and adaptation.
- While increasing the resilience of our portfolio against climate transition risks, our decarbonization strategy also contributes to limiting the physical climate risks showcased in the current policies scenario, which may materialize in our portfolio over the long term.
- Our structured and disciplined investment management approach is carefully crafted to match liabilities, minimize unrewarded risks, and remain stable throughout the macroeconomic cycle. The resulting portfolio is highly diversified across asset classes, sectors and geographies.
- We will continue to apply our security selection process, which takes into account good ESG practices and climate risks as part of our responsible investor approach and our long-standing practice of ESG integration. On an issuer level, both transition risks and opportunities are reflected through thorough ESG integration.
- We retain a focus on the rapid decarbonization of our Swiss real estate portfolio and are continuing with our energy optimization project in Switzerland.

TCFD E

3.1.7 Portfolio level scenario-based climate risk analysis: Own operations and supply chain

Own operations and supply chain

- Based on the impacts observed, we believe that executing our sustainable operations strategy and in-force risk management processes, which focus on building business resilience and monitoring the supply chain, are sufficient to mitigate climate change risk.

Key analysis findings

Outcomes from our medium-to-long-term climate risk scenario analysis are presented below.

Medium term

The findings in the medium-term analysis substantially mirror the findings in the long-term analysis.

Long term

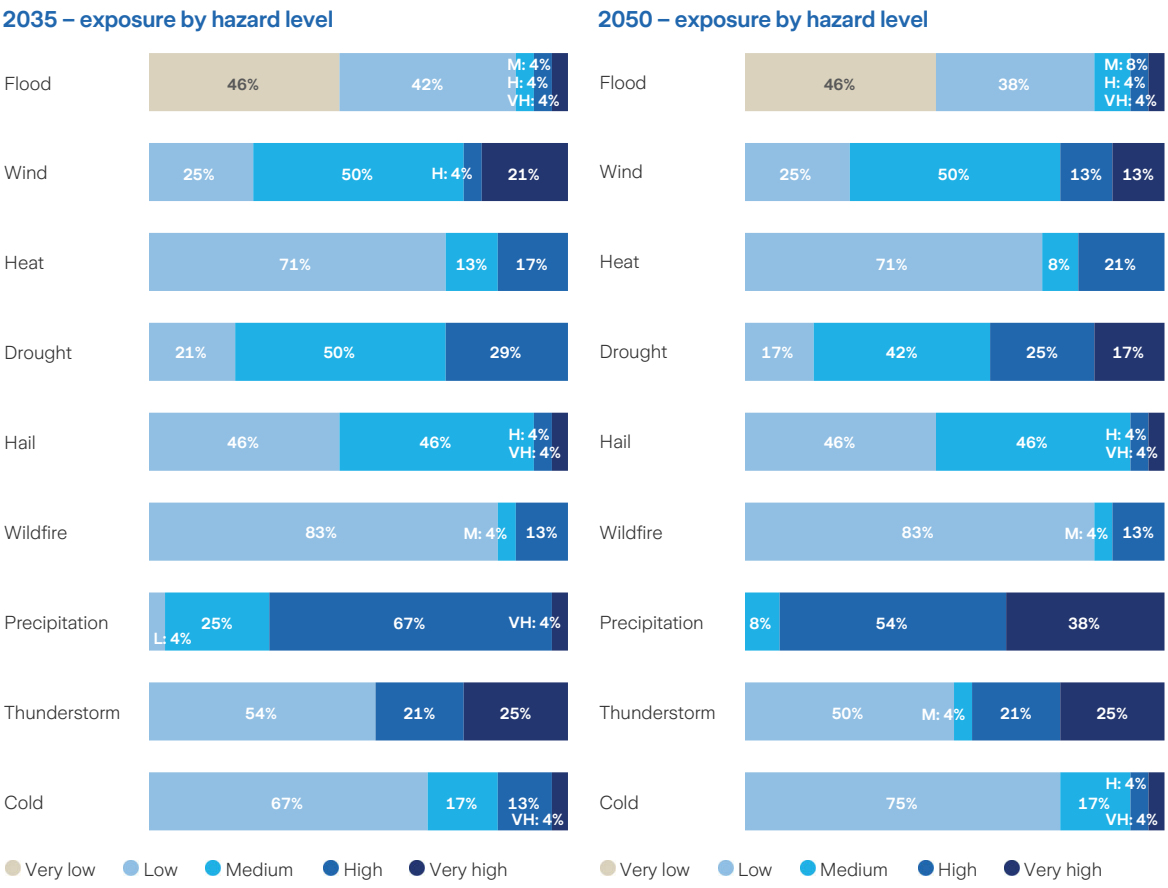
When considering physical and transition risk, and to test our hypothesis that we are operationally resilient to medium- and long-term impacts of climate change, we place a focus on the higher physical risk scenario and consider locations with high exposure levels and above.

In 2050, for offices and strategic data centers (locations) the **most prominent perils** (impacting at least 25 percent of locations) remained consistent with the medium-term analysis: **drought, precipitation, thunderstorms and wind**. The number of locations with high or very high hazard levels increased slightly for drought and precipitation. For wind and thunderstorms, the total number of locations with at least high exposure levels remained the same. Precipitation has the highest exposure across both time frames and increases from medium to long term by 18 percent.

1 Defined as anything north of 66 degrees latitude with the exception of the Norwegian continental shelf.
2 For more information on our oil and gas policy, see 1.4 Our exclusions and positions on page 131, and www.zurich.com/sustainability/governance-and-positions/our-positions

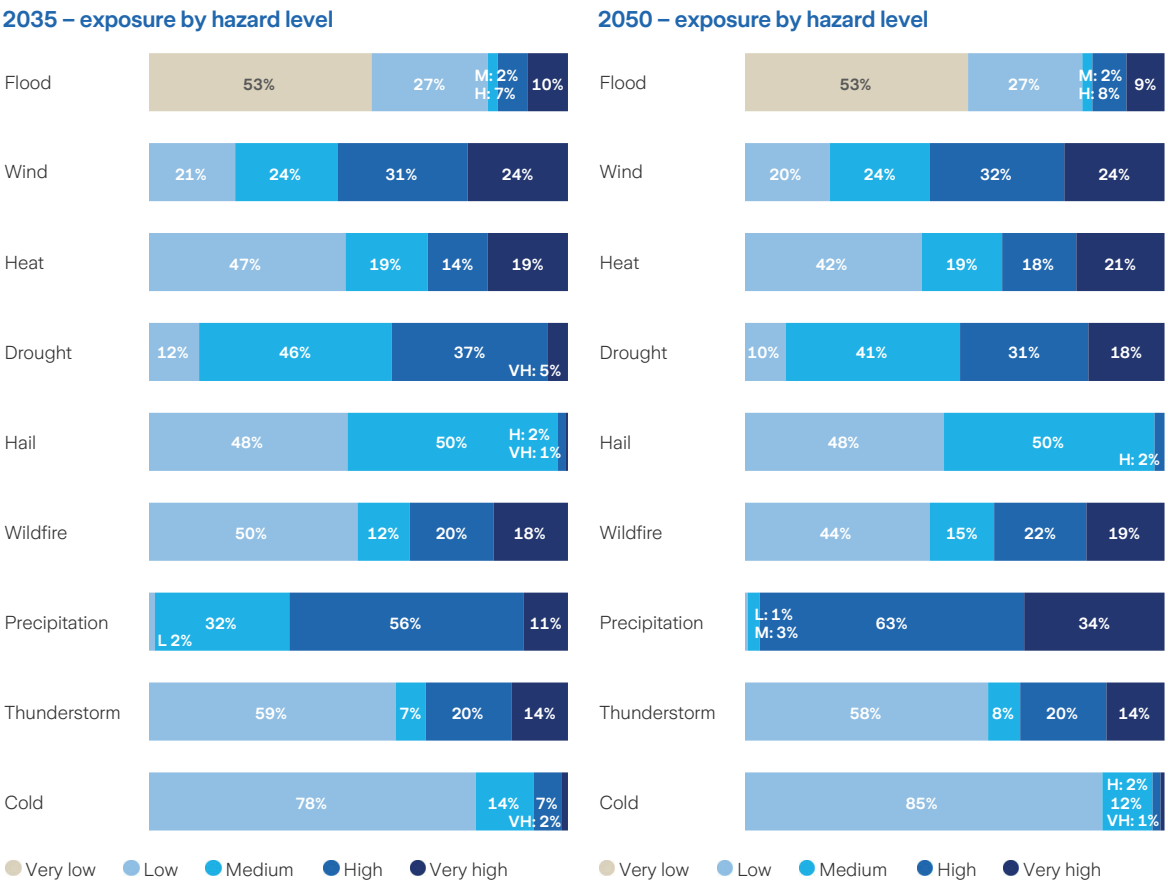
Figure 19

Our exposure by hazard level for offices and strategic data centers



For **suppliers**, the results were fairly consistent with the office and strategic data center analysis. However, additionally, heat and wildfire also represented prominent hazards. This is largely attributed to the **concentration of locations in India**. While hazard levels remained fairly consistent (i.e., changing by only a few percentage points), supplier locations exposed to high or very high precipitation levels increased in 2050 by 45 percent.

Figure 20
Our exposure by hazard level for suppliers



Critical processes performed at in-scope office locations are included in business continuity plans, which contain appropriate recovery strategies aligned to a "loss of premises" scenario. These plans are reviewed and updated on an annual basis to address any changes in the threat landscape (e.g., energy crisis, pandemic, etc.), therefore the process evolves with our understanding of climate risks.

Certain supplier locations within our supply chain are already exposed to high and very high physical risks and there is a degree of concentration risk in certain high risk locations due to several suppliers providing critical services in close proximity to another. Despite this, suppliers have shown high levels of resilience and we have not directly experienced material service outages due to the risk mitigation and business resilience measures adopted by us and our suppliers.

An analysis of transition risk exposure for our direct operations, which included a deep dive into the potential impacts arising from the introduction of global carbon taxes has not revealed any likely material impacts in either time frame given the low carbon intensity of the operations of the insurance sector and our approach to continuously improve the way we manage operational sustainability risks and opportunities.

Our analysis showed that suppliers of critical services within our supply chain are not exposed to significant transition risks. This finding aligns with our prior expectations, as these suppliers do not operate in carbon-intensive sectors or industries and are not significantly negatively impacted with the shift toward a lower-carbon economy, including regulatory changes, shifts in market dynamics, or advancements in green technologies. Consequently, their lower exposure to these risks supports the stability and resilience of our supply chain.

Responses

- Our business resilience program is designed to ensure continuity of business services, even under operational stress.
- Backup data centers provide resilience for all regional strategic data centers and recovery capabilities are tested on an annual basis.[1]

3.1.8 Portfolio level scenario-based climate risk analysis: Conclusions

Our annual portfolio-level scenario-based climate risk analysis considers material business activities across underwriting, investments and our operations.

1 Large range impacts affect cities, regions or countries; distance between data centers >500km.

- The most impacted sectors and LoB across our P&C business remain consistent with previous analysis – motor, property, construction and fossil fuels. We note that analysis outcomes demonstrate a strong sensitivity to assumptions made. Model updates and change to our medium-term quantification time horizon have the effect of influencing demand impacts in both scenarios (e.g., decreased upside across construction). Impacts remain non-material on aggregate, with no broad adaptations deemed necessary to in-force responses which we can adapt to balance near-term market movements against the mid-term strategic scenario expectations.
- Impacts within our life protection analysis remain largely consistent with previous cycles. The use of a later model date shows differences in the level of impact of physical and transition risk, hence showing model sensitivity. Our mix of long- and short-term contracts remains broadly unchanged, and our approaches to risk management for both types of business remain appropriate.
- Similar outcomes are noted across our proprietary investments where analysis of key asset classes demonstrates a largely unchanged risk profile, with physical risk having impact in few sectors to which we have limited exposure and where transition risk primarily impacts carbon-intensive sectors. In line with previous assessments, observed impacts do not suggest material risk to our capital position. We believe that our multi-faceted responsible investment strategy is adequately flexible to adapt to climate-related risks highlighted by this analysis and will continue to strengthen our practices to help us remain resilient to emerging risks.
- Our analysis suggests existing business continuity planning, internal risk policies, monitoring and supplier due diligence processes are sufficient to address observed physical risk impacts across operating locations and supply chain. Further, analysis suggests we are not exposed to material transition-related financial impacts or service disruption under the scenarios considered.

In line with previous cycles, analysis outcomes suggest that our customer-focused approach and diversified portfolios, supported by strong risk management practices, continue to provide the resilience and flexibility necessary to be able to adapt to the climate change impacts observed. Analysis outcomes do not suggest impacts to access to capital over the medium term.

We caveat these conclusions by acknowledging the hypothetical nature of the underlying scenarios, the uncertainty inherent in scenario modeling over the timeframes considered and the somewhat conservative modeling of physical and transition risk. As the effects of climate change gradually increase over the coming decades, adaptation efforts at the individual, company and state level will increase and provide resilience against expected impacts. This is likely to reduce societal and economic losses. However, outcomes will be influenced by highly uncertain political, societal and technological developments. On the other hand, exceeding tipping points, such as accelerated melting of Antarctic ice sheets or permafrost thawing, could lead to large-scale discontinuities in the global climate systems and accelerate the impacts from physical climate risk. We believe our strategy of continually analyzing changing risk profiles and retaining customer focus gives us the flexibility required to maintain our resilience and continue to meet the needs of our customers as climate-related risk profiles evolve.

3.1.9 Other climate risk assessment outcomes: litigation risk and reputational consequences

Our management of climate risk considers both litigation risk and reputational consequences.

Litigation risk: We closely monitor developments potentially impacting litigation-related risks and take actions to address them proactively.

Reputational consequences: We recognize the heightened public scrutiny that accompanies our climate-related ambitions and that any failure (real or perceived) to deliver on our objectives and targets could have an impact on our reputation. We believe our approach and clearly defined supporting activities, as outlined in our transition plan, our strong internal focus on delivery, monitoring through the governance structures described in Chapter 2. Governance (see pages 134 to 136) and transparent public disclosure on progress, mitigate this risk.

3.2 Risk management



Peter Giger
Group Chief Risk Officer

TCFD | SASB | E

The processes used by the organization to identify, assess and manage climate-related risks

3.2.1 Integration of climate risk within the overall risk management framework

We consider impacts from climate change to be drivers for other risks, such as market or natural catastrophe risks, which are managed within our existing risk management framework. Our approach to managing climate risk is embedded in our multi-disciplinary, Group-wide risk management framework, following the same objectives of informed and disciplined risk taking. The risk management framework is based on a governance process starting from the Board that sets forth clear responsibilities for taking, managing, monitoring and reporting risks.

These responsibilities are:

- To identify, assess, manage, monitor and report risks including (but not limited to) climate change, that can have an impact on the achievement of our strategic objectives, we apply a proprietary Total Risk Profiling™ methodology. This

considers our planning horizon and allows us to classify risks according to their materiality based on the estimated severity and the likelihood of the risk materializing. This creates a relative rating for all risks, including specific aspects of climate risk (e.g., physical and transition risks), and, by definition, the prioritization of risk mitigation. Further, it supports the definition and implementation of mitigating actions. At Group level, this is an annual process involving the ExCo and the direct reports to the CEO, followed by regular reviews and updates by management.

– To take the longer-term nature of climate change into account, we complement our Total Risk Profiling™ methodology with portfolio-level scenario-based climate risk analysis. This provides an outlook on long-term risk developments relevant to our underwriting and investment portfolios as well as to our operations, as outlined in the strategy section (see pages 137 to 157). The details of our risk management framework and analysis by risk type are outlined in the risk review (see pages 222 to 254).

3.2.2 Managing risks from climate-related natural catastrophes

As outlined in the strategy section (see pages 137 to 157), changes in physical risks related to long-term[1] climate change could, over time, impact us through the property-related business via affected severity and probability of climate-related natural catastrophes and weather-related events. The risk is in most parts mitigated by the flexible nature of our underwriting portfolio, with contracts that are typically renewed annually. We recognize that the climate has been changing already in the past decades with impacts such as land-ice melt and rise in sea levels, that need to be considered in our assessment of physical risk. It is, however, clear that climate science indicates the greatest changes in physical risks related to climate change will occur over the longer term. We have established sophisticated natural catastrophe modeling capabilities to manage our underwriting selection, so that accumulations stay within intended exposure limits. The resulting view of natural catastrophe risk also underpins profitability assessments and strategic capacity allocation and guides the type and quantity of reinsurance we buy. To be globally consistent, natural catastrophe exposures are modeled centrally.

Third-party models provide a starting point for the assessment of natural catastrophe risk. However, they are generally built for the market average and need validation and adjustment by specialized teams to reflect the best view of risk. We have been a leader in natural catastrophe model validation since 2005 when we developed our proprietary 'Zurich View' of risk. This gives us nearly two decades of experience in applying a structured and quantitative approach to optimize our risk view. To arrive at the 'Zurich View', which also aims to reflect the impact of climate change that happened until today already, models are adjusted in terms of frequency, severity and event uncertainty.

Adjustment factors address potential losses from non-modeled, property-related exposures or secondary perils to the extent not covered by the third-party models. Every catastrophe event provides an opportunity to learn from our own claims experience and the modeling framework provides a place to capture the new insights. We constantly review and expand the scope and sophistication of our modeling and strive to improve data quality by leveraging technology.

We supplement internal know-how with external knowledge (e.g., the Advisory Council for Catastrophes). We are a shareholder in PERILS AG, Switzerland, a catastrophe exposure and loss data aggregation and estimation firm. We are also a member of the open-source initiative Oasis Loss Modeling Framework and rejoined the Global Earthquake Model Foundation as a governor sponsor in 2023.

Catastrophe models based on historical data do not capture potential, much longer-term shifts of extreme weather events related to climate change. However, when combined with general circulation models (GCMs), which build representations of the Earth's physical climate systems, catastrophe models can help us understand the risk of future climate conditions. The quality of GCMs continues to evolve as scientific understanding of the Earth's climate systems increases and as progress is made in computing power and artificial intelligence. This science is evolving, and we have strengthened our catastrophe modeling team with dedicated resources to create methodologies to integrate forward-looking aspects into our modeling approach.

3.2.3 Portfolio level, scenario-based climate risk analysis

Assessments of the resilience of our business model to potential climate risks over time periods extending beyond the financial cycle are performed using scenario analysis. Assessment granularity and time frames can be tailored to the specific requirements of the assessment.

An **integrated modeling approach**, leveraging a third-party model, is adopted for the **analysis of our underwriting and proprietary investment portfolios** to ensure, as much as possible, the consistent use of assumptions. To quantify impacts on our assets, the model adopts a **bottom-up approach to coherently analyze the exposures of businesses, industries and corporate sectors to physical and transition risk**. To provide a map of vulnerabilities, it uses asset-level data on relevant risk drivers, including carbon emissions, abatement options, exposure to physical risks (including location-based exposure to acute physical risks), exposure to the greening of the economy, dependency on fossil fuels and competitiveness. Data underpinning the assessment of impacts on our assets are used in conjunction with premium and loss data to model impacts on our insurance business in a bespoke process.

To complete our analysis, we consider potential impacts to our **own offices, strategic data centers, and supply chain**.[2] Our quantitative physical risk analysis **focuses on changing exposure levels** at key locations over the medium to long

1 This refers to time periods up to 10 years and even out to 30 years, as mentioned in section 3.1.4 Portfolio level scenario-based climate risk analysis on pages 142 to 144.
2 The risk assessment of our own operations and supply chain excludes certain businesses such as Farmers Group, Inc., Cover-More, Joint Ventures and other small subsidiaries.

term in an effort to determine robustness of our resilience program to the impacts observed. Transition risk is assessed both qualitatively and quantitatively. Risk drivers are qualitatively evaluated for relevance, materiality and likelihood, with a focus on potential mitigation or adaptation costs impacting operating budgets. Our quantitative analysis adopts a bottom-up approach consistent with that adopted for our investment analysis and assumes significant negative impacts to supplier valuations as an indicator of additional operating cost and/or critical service disruption risk.

Given the flexibility of our business model, in both our underwriting and asset portfolios and the static balance sheet approach adopted, scenario-based climate risk analysis is performed in the full recognition that it represents a theoretical "what if" analysis. It is a useful approach which can serve to stretch management thinking about the much longer-term outlook and consider the resilience of our strategy, but it does not provide insights from an immediate solvency, financial or capacity management perspective

Data sources, assumptions and limitations

- We adopt a static, balance-sheet approach to better isolate potential medium- and long-term impacts of climate change. This implies quantified impacts assume no strategic reaction from us to the risks identified, and no movements in pricing to adapt to changing conditions.
- The analysis of our investments considers overall financial impacts by 2050, by discounting the cash-flow estimates from the asset modeling component to net present value terms, and in that way brings forward all future impact. This is a suitable way to assess and compare impact, both across scenarios and time horizons, but it is important to stress that the actual impact on economic activity and cash flows will be realized in the future, and that the timing will differ markedly depending on the scenario. Moreover, if realized impacts are not appropriately reflected in asset prices, when they occur, this can lead to volatility in both economic activity and asset prices over time.
- Scenario analysis leverages a third-party model which utilizes third-party data, including the latest available emissions data. This is supplemented with internal data, including year-end financial data.
- Modeled impacts of acute physical risks on expected losses are, to every extent possible, based on our own natural catastrophe modeling. We work with a third-party model which enables us to search publicly available hazard data by type of hazard. We will expand our in-house modeling to cover a wider range of physical risks and this will be included in our own catastrophe modeling results.
- While the bottom-up approach adopted by the underlying model facilitates granular analysis of climate change-related risk, the model depends on certain assumptions, namely:
  - The assumption of smooth transitioning, as capital moves from carbon-intensive to low-carbon activities without bottlenecks or frictions (e.g., costs are passed to consumers), leads to a muted 'cost of transition', despite the carbon prices assumed in the underlying scenarios.
  - The assumption of perfect information, where action is only taken once new policies are in place, omits an important uncertainty effect.
  - Complex hazards such as inland floods, severe convective storms, tropical and extra-tropical storms including coastal flooding are assessed by catastrophe models that rely on simplified assumptions.

For further details on our risk management process and supporting committees:
▶ See the risk review on pages 222 to 254.

TCFD E

3.3 Targets and metrics

We use numerous indicators across our underwriting and investment activities, as well as our own operations, to monitor, assess and manage climate-related impacts to, and of, our business. This section outlines the main targets underpinning our climate strategy and lists the key performance indicators (KPIs) we track.

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

3.3.1 Our targets

Our commitment to **net-zero focuses primarily on supporting emissions reduction in the real economy**. We believe we can best achieve this by focusing our **approach on engagement** with customers and investee companies, and accompanying their transition. This reflects our principle, which holds that the financial service industry's most effective contribution to fighting climate change derives from assisting, incentivizing, and asking our investee companies, customers, suppliers and other stakeholders to embark on their own decarbonization pathways. We hold ourselves accountable to the same expectations through leading by example with our own operations.

Outlined below are the principal targets we have set to align our business activities with the net-zero commitment. Those targets are also described in our climate transition plan (see section 1.2 Climate transition plan on pages 125 to

128) and our targets and ambitions (see section 1.3 Our targets and ambitions on pages 129 to 130), which provide a transparent picture of our progress toward set targets and positions.[1]

Table 3
Our targets to net-zero commitment

Area	Definition	Targets & ambitions
Reduction of financed emissions	**Reduce** the **intensity of emissions** (scope 1 & 2) of **listed equity and corporate bond investments**, in terms of metric tons of CO2e per USD million invested (base year 2019).[1]	2025: 25% 2030: 55%
	Reduce the **intensity of emissions** of **direct real estate investments**, in terms of kilograms of CO2e per square meter (base year 2019).	2025: 30% 2030: 45%
Reduction of insurance-associated emissions intensity	**Reduce** the **intensity of insurance-associated emissions** (IAE)[2] in our large corporate customer portfolio by 20 percent (base year 2022)	By 2030: 20%
Reduction in operational carbon emissions[3]	Total emissions: absolute **reduction in all operational emissions** (base year 2019)	Total emissions: – By 2025: 60% – By 2029: 70%
	Scope 1 & 2: reduction in emissions from the fleet and onsite heating as well as from purchased electricity, heat and steam (e.g., district heating), base year 2019).	Scope 1 & 2: – By 2025: 62% – By 2029: 80%
	Scope 3: reduction in operational emissions, resulting from air, rental and rail business travel, employee commuting, strategic data centers, printed paper, waste, as well as indirect energy impacts (base year 2019)	Scope 3: – By 2025: 60% – By 2029: 67%
Investment engagement	**Engage** with top 65 percent **emitters of financed emissions that have not set science-based targets** (base year 2019).	2025: 65%
	Engage directly with **high-emitting companies** which currently do not have credible science-based targets.	2030: 20
Insurance engagement	**Engage** with **our large insurance customers who contribute most heavily to our portfolio emissions**[4] on their transition-related objectives, opportunities and challenges.	Sept 24 - Sept 25:[5] 65 By 2030: 450
Climate solutions	Allocation to **climate solutions investments**	2025: increase 2030: 6% of AuM[6]
	Avoid 5 million metric tons of CO2e emissions per year through impact investments.	Ongoing (ambition)

1 Attributed with enterprise value methodology and matched based on most recently available emission data.
2 IAE is determined by scope 1 & 2 for our customers' emissions using the Partnership for Carbon Accounting Financials (PCAF) insurance-associated emissions methodology for commercial lines, covering customers with revenues greater than USD 1 billion.
3 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, third party vendors as well as our new acquisitions Zurich Kotak and Travel Guard are excluded since they were not reflected in the CO2e emissions baseline in 2019.
4 As determined by scope 1& 2 for our customers' emissions using the PCAF insurance-associated emissions methodology for commercial lines, covering insurance customers with revenues greater than USD 1 billion.
5 In the 12 months following the publication of our climate transition plan in September 2024.
6 Estimated based on AuM 2023, equivalent to approximately USD 10 billion. Any portfolio activity will be subject to market conditions and potential other constraints.

3.3.2 Our performance metrics

This section highlights the key metrics we use to measure and manage climate-related risks and opportunities. They represent a combination of metrics derived from the SASB and WEF IBC standards expanded with further metrics of our own, in line with guidance from the TCFD.

Underwriting

Insurance-associated emissions (IAE)

To provide transparency on our Commercial Insurance portfolio carbon footprint, we are leveraging the accounting method for IAE, published by the Partnership for Carbon Accounting Financials (PCAF) in November 2022. We also report portfolio IAE intensity, which aligns with the Weighted Average Carbon Intensity (WACI) metric proposed by the CRO Forum.

1 Please note that target 2025 and target 2030 is always defined as using year-end 2024 and 2029 values, respectively (e.g., reduction of financed emissions). By 2030 target (e.g., for reduction of IAE intensity) is defined as using year-end 2030 value, similar by 2025 target (e.g., for operational carbon emissions) is defined as using year-end 2025 value.

In scope for reporting is our portfolio of large corporate customers, defined as customers with revenues greater than USD 1 billion. Lines of Business not covered by the current PCAF standard are excluded from the calculation. Excluded per PCAF attribution factor for commercial lines are agricultural government schemes, structured trade credit, CAR/EAR engineering lines, surety, and insurance contracts purchased by public entities.

With this reporting scope we **cover our large commercial customers**, representing USD 7.4bn of gross written premium and equating to 25 percent of our total Commercial Insurance gross written premium in the baseline year of 2022.

To provide a measure for the quality of emission data used for our IAE reporting, we provide a weighted average quality score aligned with PCAF methodology. Our score of 2.9 (1 being best, 5 being worst) is driven on the one hand by the inclusion of large non-listed companies in our reporting scope, where the availability of reported emissions is lower and industry emission factors have been used (predominantly quality score 4). On the other hand we have not assigned quality score 1 to any of our data, as our currently available data sets do not yet include information if customer emissions have gone through external verification as required by PCAF for score 1. In practice, many externally reported emission figures will likely have been verified. Capturing this additional data requires further analysis and would be included in future updates if appropriate data sets become available.

Figure 21
Insurance-associated emissions

$$\text{Insurance-associated emissions (IAE)} = \frac{\text{insured's premium}}{\text{insured's revenues}} \times \text{insured's emissions}$$

$$\text{IAE intensity (WACI)} = \frac{\text{insured's premium}}{\text{portfolio premium}} \times \frac{\text{insured's emissions}}{\text{insured's revenue}}$$

- **Insured's premium**: For the purpose of IAE calculation, premium is defined as gross written premium (the total amount to be paid by the insured to the re/insurer for the policy written in the period). For multi-year contracts, an annualized premium value shall be used. Gross premium shall also be used for Fronting Policies.
- **Insured's revenue**: Total amount of income generated by the insured customer through the sale of goods or services.
- **Insured's emissions**: Total scope 1 & 2 emissions[1] of the customer either based on company-specific reported emissions or sector-specific estimations.
- **Portfolio premium**: Sum of all insurance premiums within the scope of the calculation.

Also while we aim to align the reporting years of premium and customer emissions, there is a systematic lag in emission reporting and to calculate the full IAE for our in-scope portfolio, we need to rely on previous year emission data for some customers.

1 We do not deem the quality and availability of customer scope 3 emissions to be sufficient to allow for stable reporting and therefore do not include them in our calculation.

We are using S&P Global to source the emission data required. For customers where publicly reported emissions data is not available, estimates have been taken based on average industry carbon intensities, also provided by S&P Global, multiplied by the customer's revenues. Customer revenues are also provided by S&P Global and supplemented by internal data where no match with S&P data could be found.

Interpretation of the IAE figures and progress over time needs to be mindful of the limitations in data quality and availability. Company-reported emissions are currently only available for around 30 percent by premium of our in-scope portfolio, with the remainder relying on emission estimates. While we consider average industry intensities scaled by customer revenue a reasonable proxy for customer emissions, over time we aim to continually replace estimations with actual emissions as more customers start their own reporting. This might however lead to year-over-year volatility in our reporting, as actual reported emissions differ from previously applied estimations.

Commercial Insurance IAE intensity target

Supporting our commitment to align our insurance portfolio to net-zero by 2050 we have set an interim target to reduce the **IAE intensity** of our portfolio of large corporate customers, defined as customers with more than USD 1 billion in revenues, **by 20 percent by 2030** from a 2022 baseline.

This scope has been chosen as our focus is on creating real-world impact, so we prioritize engagement with customers who can make the greatest contribution to emission reductions and where our direct relationship means we have a greater degree of influence. Despite still being low overall, the availability of reported emissions also tends to be higher for larger companies, allowing for greater certainty in target reporting and achievement.

To arrive at our target value, we have modeled the expected carbon intensity of our portfolio, taking into account various business growth scenarios and existing customer decarbonization targets and, in the absence of explicit targets, the nationally determined emission reduction pathways of our customers' countries of residence, where available.

The baseline for our intensity target is based on 2022 premium data and the latest available emission data at the time of determining the target. While largely based on 2022 emission data, the use of some 2021 emission data was required given the time lag in reporting and updates by data providers.

Table 4
Insurance-associated emissions: Baseline and target

Insurance-associated emissions from large corporate customers (revenues greater than USD 1 billion)	Unit	2022 (baseline)	Target (if applicable)
Absolute IAE (scope 1 & 2)	million metric tons CO2e	1.7	
IAE Intensity (scope 1 & 2)	t CO2e / USDm	234	20% reduction by 2030
PCAF weighted average data quality score	1 - 5	2.9	

Engagement

We engage our insurance customers to better understand where they are in their transition, their needs and priorities, and to deepen our understanding of the technologies, barriers and dependencies involved in their industries' transitions. The insights we gather help inform how we support our customers, our approach to investments, and our understanding of likely decarbonization pathways. Our focus is on creating real-world impact, so we prioritize engagement with customers who can make the greatest contribution to emission reductions and where our direct relationship means we have a greater degree of influence.

Starting in September 2024, we are engaging with **65 insurance customers within 12 months** on their transition-related objectives, opportunities and challenges. We will continue to expand our engagement efforts, so that **by 2030 we will have engaged with 450 of our large insurance customers** who contribute most heavily to our portfolio emissions.[1] For the purpose of progress reporting against our target, we consider an engagement to have started after the first content discussion with the customer has taken place.

As we engage with our customers on an ongoing basis, we look at their transition plans along four criteria (ACDC framework):

1. Alignment with the Paris Agreement and net-zero targets.

2. Commitment, including what near-term plans and significant investments are in place.

3. Delivery, including what progress has been made so far against targets.

4. Communication, in particular transparent and regular disclosures.

As we build our understanding of and evaluate our customers' plans, we will prioritize our support and capacity for those customers who are actively transitioning.

Table 5
Engagement: Baseline and target

Engagement	Unit	2024	Target (target year)
Engagements conducted	Number of customers	N/A[1]	450 of our large insurance customers who contribute most heavily to our portfolio emissions (2030)
Engagements conducted	Number of customers	N/A[1]	65 of our large insurance customers who contribute most heavily to our portfolio emissions: Sept 24 - Sept 25

1 First reporting in 2025.

Revenues from energy efficiency and low-carbon technologies[2]

Our products related to **energy efficiency and low-carbon technology, separately priced,** amounted to **USD 644.2 million** for the year 2024 (USD 424 million in 2023). The increase in revenue was mainly driven by our repair vs replace solutions in North America (USD 243.8 million), reporting sustainable revenues on **electronics and home warranty,** where repair is the priority. Our total EV solutions contribute USD 271.2 million, mainly coming from the EMEA region with solutions in 2024 on mid-market EV's. Renewable energy solutions from North America and EMEA contribute USD 108.3 million.

For more information on our sustainable solutions, please see section 4.1.1 Revenues from sustainable solutions on pages 181 to 183.

1 Determined by scope 1& 2 for our customers' emissions using the PCAF (Partnership for Carbon Accounting Financials) insurance-associated emissions methodology for commercial lines, covering customers with revenues greater than USD 1 billion.
2 Revenues capture gross written premiums and other fee services.

Investment Management

In 2024 we **successfully met all of our 2025 interim climate targets**,[1] aligning with our net-zero commitment in engagement, climate solutions investments, and portfolio decarbonization. This marks a **major milestone** as it is the first time we have set and achieved a five-year climate target, showcasing our capability to contribute to the 30-year journey toward net-zero. Our recently updated Responsible Investment White Paper[2] highlights the interlinkage of our targets in a new chapter on climate action, illustrating how our engagements and financing of climate solutions drive decarbonization.

Engagement for the transition

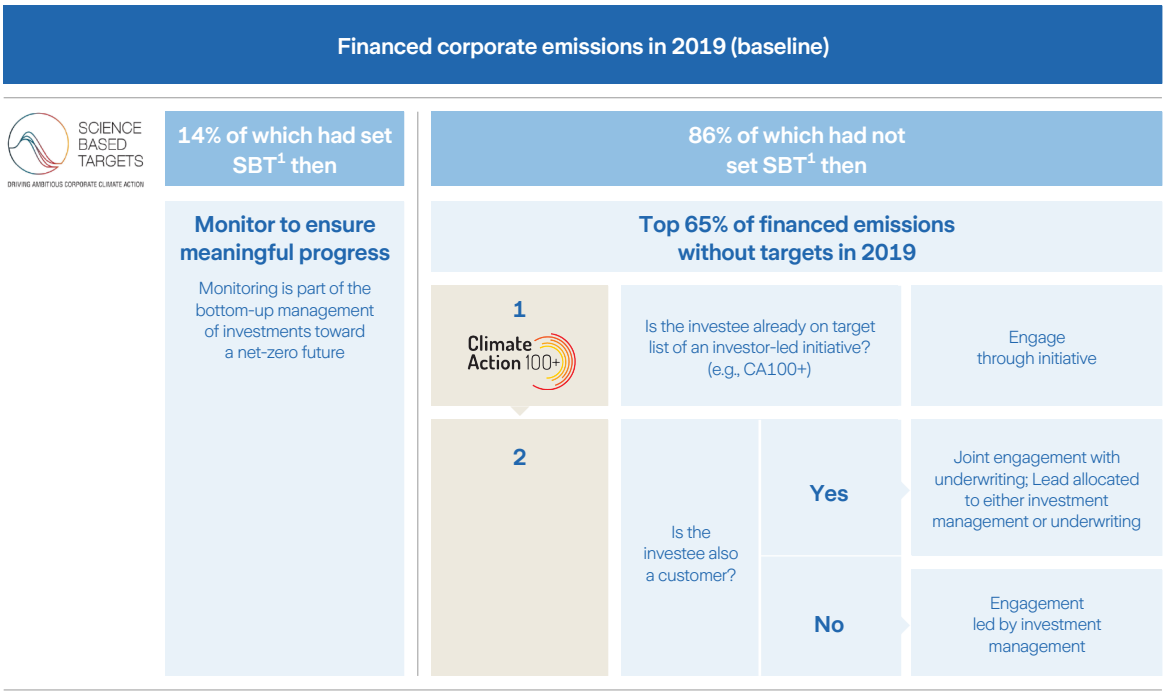
Company engagement

Engagement is a **key mechanism for investors** seeking to mitigate systemic climate risks and work toward net-zero. As asset owners, we are uniquely placed to encourage company behavior and the decarbonization of the real economy.

In our 2019 - 2025 engagement we saw **multilateral engagement**, through initiatives such as Climate Action 100+, as a key way to amplify our positive impact, especially on climate change issues as we work to decarbonize our portfolio without simply divesting from high-emitting sectors.

Figure 22

Our engagement approach



1 Science-based targets.

1 Please note that target 2025 and target 2030 is always defined as using year-end 2024 and 2029 values, respectively (e.g., for reduction of financed emissions).
2 https://edge.sitecorecloud.io/zurichinsur6934-zwpcorp-prod-ae5e/media/project/zurich/dotcom/sustainability/docs/responsible-investment-at-zurich.pdf

Table 6
Engagement progress

	2024	2023
Engagement started	65%	60%
Engagement not started	0%	5%
=Target	**65%**	**65%**
Started engagements undertaken…		
Collectively	25%	25%
Bilaterally	40%	34%
… with outcome		
Failed[1]	16%	16%
Ongoing[2]	31%	24%
Succeeded[3]	18%	20%

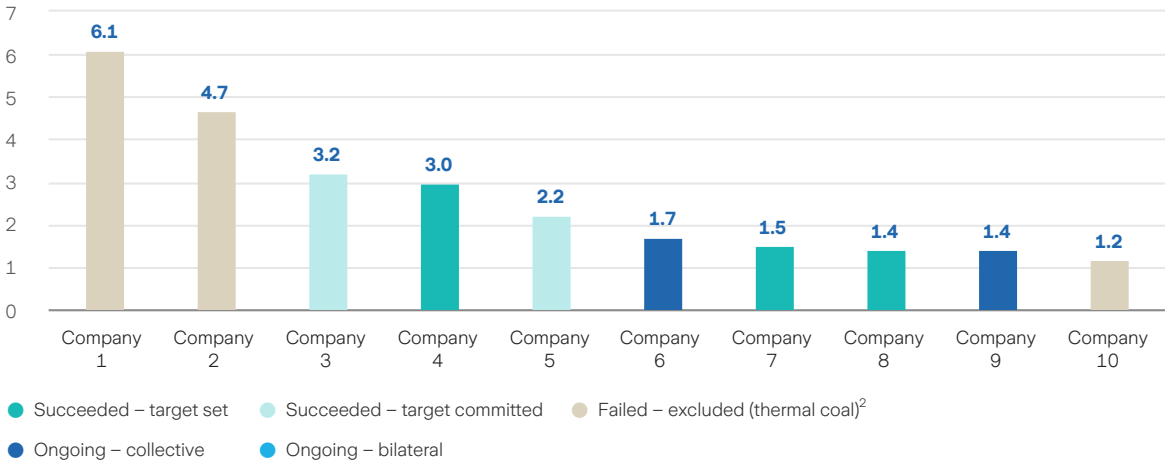
Note: All percentages correspond to percent of financed emissions in 2019 (baseline) without net-zero targets, cumulative progress since December 31, 2019.

1 Engagement considered as failed under the thermal coal, oil sands and oil shale policy if it became clear the company would neither move under the 30 percent threshold nor set net-zero targets and was hence excluded; or that a company approached under the net-zero program refuses to set science-based net-zero targets.
2 Engagement considered as ongoing includes when a first contact is established with the company to engage in a meaningful conversation.
3 Engagement considered as succeeded if a company has publicly committed to science-based net-zero targets (under SBTi) or an equivalent scientific verification body, referring to Zurich only as a contributor to the outcome.

In 2024, we **closed** our **bilateral net-zero engagement campaign having reached the 2025 target to have engaged with top 65 percent emitters of financed emissions that have not set science-based targets** (as shown in Table 6). We focused on companies with **heavy emissions** to understand the company's **current emission intensity** and their **transition plans**. In cases where the company had not yet established such a plan, we urged the company to set up a transition plan with preferably externally validated targets. In 2024, we successfully kicked off a number of engagements. This in close collaboration with our local investment management teams. In 2024, some companies were not able to submit validated science-based targets within 24 months of committing to do so under the Science Based Targets initiative (SBTi). This resulted in a lower ratio of successful engagements for 2024.

Figure 23
Engagement progress for top 10 emitters without science-based targets (SBT)[1]

Financed emissions %

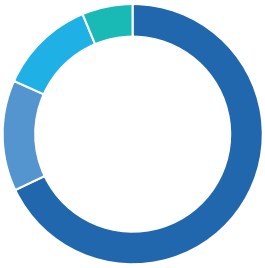


1 Company grouping according to our proprietary methodology, which considers ownership and operational control structures (corresponding to financed emissions using 2019 baseline data).
2 Failed engagement under thermal coal program means the company was added to the restricted list and hence equity exposure was divested and credit exposure put in run-off.

Figure 24

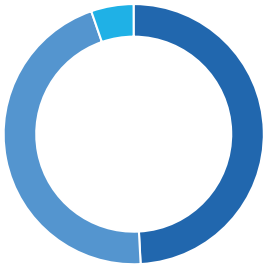
Top 10 emitters without science-based targets (SBT) by sector and region[1]

Top 10 emitters by sector



Utility	67.9%
Government owned, no guarantee	13.8%
Metal and mining	12%
Energy	6.3%

Top 10 emitters by region



EMEA	49.2%
APAC	45.6%
Americas	5.3%

1 Corresponding to financed emissions in 2019 (baseline data).

Case study

Our objective for our bilateral engagements is to encourage emissions-reduction-target disclosure beyond 2030, and external verification. A Latin American metal mining company is part of our top 65 percent financed emissions and therefore a company to engage with as part of our 2025 engagement target. The following case study provides details on that specific engagement on climate transition.

The company currently focuses on integrating its near-term 2030 targets to reduce operational greenhouse gas emissions by 70 percent. The methods include, among others, implementing 100 percent clean energy matrix and electrifying its various transportation vehicles. Within the next year, the company is planning to develop and publish targets for beyond 2030. The target scope will expand to further operational emission activities, such as refinery activities. Via the engagement letters and during the engagement call, we encouraged the company to develop ambitious targets and to seek external verification of both their existing and future targets, e.g., by SBTi. We further encouraged the company to set targets for their scope 3 emissions.

We agreed to have a conversation again next year on the progress of their target setting process, including external verification of targets, in particular for the targets beyond 2030.

We will continue monitoring and engaging with the company on climate transition. We appreciated the company's openness and willingness to exchange during the engagement call.

Asset manager engagement and policy advocacy

While bilateral corporate engagement – the most common form of investor engagement to date – is an important tool for addressing the financial risks of climate change, we aim to complement this approach with other, more systematic forms of engagement like asset manager engagement and policy advocacy.

As an asset owner, one of the most important and impactful engagement opportunities we have is to engage with our asset managers to support greater climate action and 1.5°C alignment. This engagement impacts the wider set of stakeholders and hence can have a wide market impact. In 2024, we supported the Net-Zero Asset Owner Alliance (NZAOA) efforts on asset managers' engagement. We seek for asset managers to better align their investment strategies with net-zero targets, focusing on achieving more impactful climate outcomes through effective stewardship. During several meetings between asset managers and the NZAOA, we had active discussions around the specifics of fossil fuel engagement approaches and strategies, and engagement reporting expectations. We confirmed that the 'Alliance's engagement expectations' is being used to shape an asset manager's new stewardship approach.

Achieving a net-zero investment portfolio and real-world change requires close collaboration with our own asset managers. Besides our continued efforts on engagement, we also focused on our asset managers that manage private assets or execute voting rights on listed equity on our behalf. For private asset managers, we defined the requirements in delivering net-zero strategies and developed a tailored approach focusing on specific climate-related expectations.

We further **strengthened our asset manager engagement process** to systematically address climate-related stewardship to now also include and analyze how our asset managers have exercised their voting rights regarding climate-related proposals. For managers falling short of our expectations, we initiated engagements to ensure they align with the standards outlined in the NZAOA proxy voting guidance document.

In 2024, we made significant strides in policy advocacy, contributing to a global investor statement and participating in key consultations on sector and national regulations. By signing the '2024 Global Investor Statement', we aimed to underscore the urgency of aligning financial flows with the Paris Agreement goals and to advocate for stronger climate policies. As part of the NZAOA, we engaged in policy dialogues with the U.S. State Department and the UK government. Additionally, as members of the Investment Leaders Group, we were invited to collaborate with climate finance negotiators from Canada, Australia, and New Zealand, influencing the climate finance discussions at the 29th UN Climate Change Conference (COP29).

Financed emissions

We calculate three types of financed GHG emissions defined by the underlying investment: Corporates, which includes listed equity and corporate bonds, direct real estate and sovereign debt.

In 2021, we set interim targets for 2025 following the guidance of the NZAOA for the asset classes of listed equity, corporate bonds and direct real estate. Since the announcement, we have been working on local objective setting, implementation and data improvements. We have translated the global portfolio target into regional and local implementation. This allows us to capture factors such as local market considerations, sector diversification, and past and projected pathways of emissions.

We strongly believe that simply divesting from companies with carbon-intense footprints is less effective than engaging with them to support the shift to sustainable practices. The findings from our engagement efforts, as described above, will guide us through portfolio construction and rebalancing actions, benchmark changes and, where relevant and as a last resort, divestments.

Table 7

Assets under Management: corporate portfolio[1]

	In scope AuM (USDbn)		
	2024	2019	Difference
Zurich Corporate portfolio[2]	**46.6**	**58.5**	**(20)%**
By investment asset class			
Listed equity	6.9	10.6	(35)%
Corporate bonds	39.7	47.9	(17)%
By region			
APAC	5.5	4.5	23%
EMEA	30	38.2	(22)%
Americas	11.1	15.9	(30)%
By sector			
Utilities	3.2	4.4	(27)%
Government-owned company	1.5	2.7	(44)%
Energy	1.5	2.1	(29)%

1 AuM covers companies listed equity and corporate bonds.
2 in scope AuM decreased in line with total AuM.

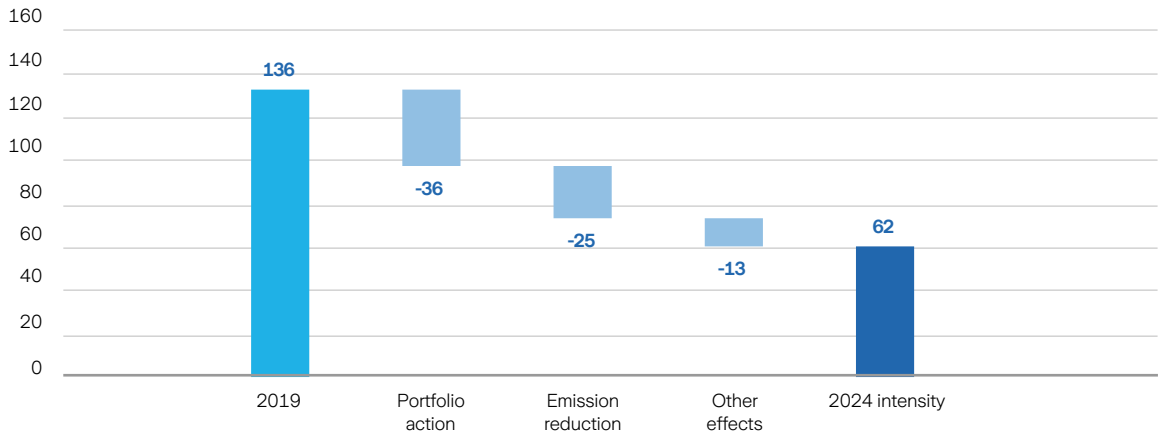
Table 8
Absolute and relative emissions of the corporate portfolio[1]

	Absolute financed emission (million metric tons CO2e)[2]			Relative emission intensity (metric tons CO2e/1 million market value)			
	2024	2019 (baseline)	Difference	2024	2019 (baseline)	Difference	Target
Zurich Corporate portfolio	**2.9**	**7.9**	**(63)%**	**62**	**136**	**(54)%**	**(25)%**
By investment asset class[3]							
Listed equity	0.4	1.0	(62)%	52	90	(41)%	
Corporate bonds[3]	2.5	7.0	(64)%	64	146	(56)%	
By region							
APAC	0.7	1.8	(63)%	120	400	(70)%	
EMEA	1.7	4.5	(63)%	56	118	(53)%	
Americas	0.6	1.7	(66)%	52	105	(51)%	
By sector							
Utilities[3]	0.9	2.7	(66)%	288	616	(53)%	
Government-owned company	0.3	1.4	(79)%	200	529	(62)%	
Energy[3]	0.5	0.7	(27)%	311	305	2%	

1 In order to provide a comprehensive overview, details incl. prior year data are shown in appendix 6.4 Emissions profile on pages 210 to 211.
2 Financed emissions cover scope 1 and 2 of underlying companies (listed equity and listed corporate credit) attributed with enterprise value methodology and matched based on most recently available emission data.
3 Emission reporting for Zurich-validated green bonds in the utility and energy sectors was refined in 2022 to reflect the nature of the financed projects. Please see the green bond validation methodology in our white paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/responsible-investment-at-zurich.pdf

In 2024, we reached our interim 2025 decarbonization target for corporate bonds and listed equity as we reduced our financed CO2e emissions by 54 percent against the target of a 25 percent reduction. Our absolute financed emissions declined over the same period by 63 percent.

Figure 25
Breakdown of reduction in financed emissions
Intensity change attribution (in metric tons CO2e/1 million metric value)



This reduction in financed emissions was mainly driven by **changes in portfolio composition** and **structural emission reductions** of our portfolio companies.

Portfolio activities are estimated to contribute half of the intensity reduction over the past five years. Portfolio activities are changes in our portfolio composition, when we allowed high-emitting positions to mature without reinvesting in the same issuer or by actively divesting from high-emitting positions and reinvested capital in new positions of lower-emitting companies. We also observe an expected further meaningful drop in emissions from companies in run-off under the thermal coal/oil sands policy due to maturing assets in 2024.

Real world emission reduction reported by our portfolio companies are estimated to contribute one-third of our emission intensity reductions. Our analysis suggests that a notable 15 percent of these reductions are achieved by just 10 issuers. While most of these companies are in the utility sector, others operate in energy, metals and mining, and building materials.

Other effects mainly refer to currency effects and timing lags but can also include data updates.

Uncertainties and dependencies

Our experience demonstrated the need to consider both absolute and relative indicators when measuring the emission performance of portfolios. Relative indicators are sensitive to changes in company valuation, whereas absolute emissions are sensitive to strategic shifts in asset allocation. It is important to reiterate that capital market price changes have a significant impact on reported financed emissions based on the formula applied, resulting in the sensitivity of reported targets. In the long run, it remains our view that alignment with the NZAOA methodology will provide us with a stable and robust metric describing the trajectory of our emission reduction pathway, but we expect a high level of volatility of intensity and financed emissions numbers driven by the current political sentiment and potential for financial market volatility.

Further, it is important to note that the real economy is not moving at the pace at which we have reduced our financed emissions. In fact, the current nationally determined contributions under the Paris Agreement would still put the world at 2.1°C-2.4°C above pre-industrial levels, which is far above the ambition of the Paris agreement of 1.5°C. This means that the financial markets' emissions reductions are largely a result of portfolio reallocation, shifting capital to more sustainable investments and hence divesting from heavy-emitting companies. While we can regard the reductions as a testament to portfolio reallocation and as an important demonstration to the rest of the investment ecosystem that decarbonization is possible, the actions must be pursued with urgency in the real economy. Moreover, we should also be cautious about projecting achievements to the future.

Furthermore, more of our financed emissions of listed equity and corporate bonds have committed or set targets under SBTi compared to our baseline. The % of financed emissions in run-off under our coal / oil sands policy remains stable.

Table 9

Corporate portfolio emissions with commitments or in run-off[1]

	% of financed emissions with SBTi[1]			% of financed emissions in run-off under coal/oil sands policy
	2024	2019 (baseline)	Difference	2024
Zurich Corporate portfolio	**24.8**	**14.3**	**73%**	**4.4**
By investment asset class				
Listed equity	21.2	22.6	(6)%	
Corporate bonds	25.3	13.2	92%	
By region				
APAC	5.6	1.2	384%	17.1
EMEA	35.3	22.9	54%	0.3
Americas	16.7	5.3	218%	1.7
By sector				
Utilities	17	14.4	18%	12.3
Government-owned company	40.3	5.4	641%	3.9
Energy	0	0	0%	0.5

1 Committed or set targets under SBTi.

Table 10

Absolute and relative emissions of the sovereign bond portfolio

	In Scope AuM 2024 (USD bn)	Absolute financed emissions 2024 (million metric tons CO2e)[1]	Relative emission intensity 2024 (tons Co2e / mUSD)[2]
Zurich Sovereign Portfolio	**43.9**	**7.6**	**159**

1 Scope 1 (production-based approach) excluding Land Use, Land-Use Change and Forestry (LULUCF) – USD GDP-PPP.
2 Based on Nominal Value.

In 2024, we expanded our emissions measurement of our proprietary portfolio, now **covering** also our **sovereign bond portfolio**. For 2024, the CO2e emissions financed by our global sovereign debt portfolio amounted to 7.6 million metric tons CO2e. This corresponds to a carbon intensity of 159 tCO2e / mUSD.

We use a methodology aligned with the accounting methodology recommended by NZAOA, which is based on the current version of the PCAF's Global GHG Accounting and Reporting Standard. While we measure the financed emissions for sovereign bonds, these assets are not covered by an emission reduction target.[1]

We **measure and report absolute emissions** for our proprietary portfolio for listed equity, corporate bonds, direct real estate and sovereign bonds, **covering approximately 60 percent of the total portfolio**.

For our **direct real estate portfolio**, we successfully **reduced our relative emission intensity by 30 percent** in accordance, i.e., **meeting our 2025 interim target one year early**. Our target includes scope 1 and 2 emissions, the so called 'operational emissions'.[2]

Table 11
Assets under Management: real estate portfolio

	In scope AuM (USDbn)		
	2023[1]	2019 (baseline)	Difference
Zurich global real estate portfolio	**10.0**	**11.7**	**(14)%**
By region[2]			
APAC	0.1	NA	NA
EMEA	8.1	10.0	(19)%
Americas	1.8	1.7	6%

1 Real estate emissions are only available with a four-quarter lag. Emissions in 2024 will be reported in the 2025 sustainability report. Includes investment portfolio buildings only, as own-use buildings are part of our operational emissions target.
2 Direct real estate holdings form the base for the emission reduction targets.

Table 12
Absolute and relative emissions of the real estate portfolio

	Absolute emissions[1,2] (metric tons CO2e)			Relative emissions intensity[3] (kg CO2e/sqm)			
	2023	2019 (baseline)	Difference	2023	2019 (baseline)	Difference	Target
Zurich global real estate portfolio[4]	**34,491**	**53,181**	**(35%)**	**15.2**	**21.6**	**(30%)**	**(30%)**
By region[5]							
APAC	589	NA	NA	59.5	NA	NA	
EMEA	24,761	41,153	(40%)	17.1	22.9	(25%)	
Americas	9,141	12,028	(24%)	11.3	18.0	(37%)	

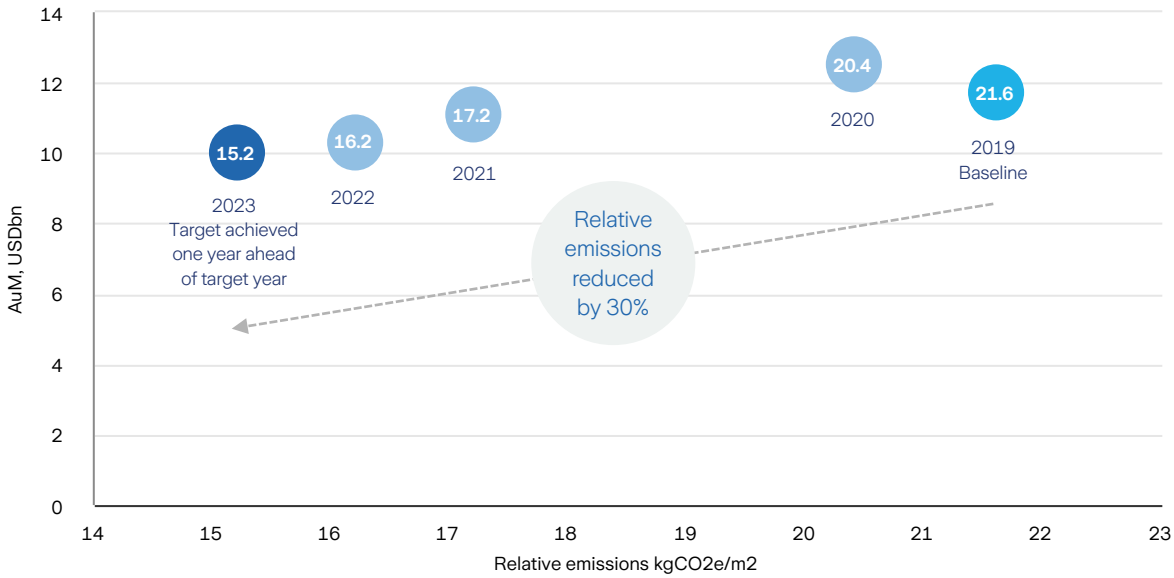
1 The CO2e emissions are calculated according to the location-based method. In cases where the data is available or properties use onsite/offsite renewable energies, the market-based methodology is applied.
2 The emission factors are retrieved from the International Energy Agency (IEA, 2020) with the exception of Switzerland for local calculation references (Intep, REIDA 2022 and local authorities) which are aligned with IEA.
3 The relative emissions intensity is calculated based on gross floor area (GFA) of the buildings.
4 Real estate emissions are only available with a four-quarter lag. Emissions in 2024 will be reported in the 2025 sustainability report. Includes investment portfolio buildings only, as own-use buildings are part of our operational emissions target.
5 Direct real estate holdings form the base for the emission reduction targets.

At year-end 2023, we **achieved a 30 percent reduction**, meeting our reduction target one **year ahead of target year**. This marks an improvement compared to the 25 percent reduction achieved in the prior year. The incremental reduction in 2023 compared to 2022 is 6.2 percent resulting in a decrease to 15.2kg CO2e per square meter. This is primarily driven by further decreases in the relative emissions in Switzerland (8.6 percent) and Germany (0.6 percent). In terms of absolute emissions, Switzerland and Germany achieved reductions of 1,160 metric tons CO2e and 601 metric tons CO2e, compared to 2022. These positive results are attributed to the ongoing capital expenditure program in Switzerland and additional energy optimization measures in Germany. Additionally a number of buildings were sold in 2023.

1 Sovereign bonds: disciplined ALM practices and, in some cases, insurance regulation requires us to hold substantial amounts of minimum-risk assets denominated in local currency to back local liabilities. We do not generally manage any multi-currency sovereign bond portfolios that would allow ESG factors to influence issuer selection.
2 Scope 1 emissions, also known as direct emissions, are defined as emissions from sources that exist "on site" of an asset. These include primarily emissions from onsite heating systems. A common example of scope 1 emissions for real estate is natural gas and oil burned onsite. Scope 2 emissions are defined as emissions that are related to purchased electricity, heat, steam or cooling. This energy is consumed by the assets but generated offsite.

Figure 26

Relative emissions compared to assets under management from 2019 to 2023



The above graph illustrates the decline in relative emission intensity and AuM from 2019 to 2023. The 14 percent reduction in AuM relative to the baseline year of 2019 can be attributed to strategic asset allocation, particularly over the past two years, as well as devaluations resulting from challenging market conditions. Additionally, relative emissions have decreased to 15.2 kg CO2e per square meter, a change facilitated by the aforementioned initiatives.

The completeness of our emission data – measured by the coverage ratio[1] – increased slightly from 82 percent for 2022 to 83 percent for 2023.

1 The coverage ratio is the GFA in square meters (m2) of completed properties for which data is collected as a percentage of the total GFA area in m2 of all completed properties in the portfolio.

Figure 27
Emission reduction target-setting methodology and scope: Listed equity and corporate bonds

Absolute emissions[1]

$$\sum_{i=1}^{n}\left(\frac{C_i}{EV_i}\times I_i\right)$$

Relative emissions (intensity)

$$\frac{\sum_{i=1}^{n}\left(\frac{C_i}{EV_i}\times I_i\right)}{\sum_{i=1}^{n} I_i}$$

Key

I: Current value of investment on issuer i

EV: Enterprise value of issuer i

C: Carbon emissions* of issuer i

* Carbon emissions = scope 1 and scope 2 emissions

In 2021, we announced our initial set of interim targets (2025). The targets cover the following:

– Listed equity, listed corporate debt and direct real estate.

We chose to calculate corporate-financed emissions and the resulting relative emissions intensity using the protocol's preferred approach, which is based on enterprise value, not revenue.

While a revenue-based carbon intensity measure is a good way to compare companies based on their size and underlying technology, in line with the NZAOA methodology, we believe the enterprise value approach is a better way to convert a corporation's operational emissions (scope 1+2) into the "financed emissions." This can be attributed to a company's underlying equity and/or debt investors, who are ready to take additional responsibility for the emissions. To calculate corporate financed emissions, we use the following methodology:

– Scope 1+2 emissions in line with the GHG protocol, which are provided by S&P Trucost.

– Enterprise value is defined as the sum of market capitalization of common stock at fiscal year end, the market capitalization of preferred equity at fiscal year end, and the book values of debt and minorities' interests minus the cash and cash equivalents held by the enterprise. When enterprise value is not available (for example for financial companies), it is substituted with market capitalization. Enterprise value data is provided by S&P Trucost.

Market value is defined as the market value of listed equity and listed corporate debt at fiscal year end. While all financial data (enterprise value and market value) is calculated as of December 31 of the reporting year, we use the latest available corporate emission data available as of January each year, when portfolio level financed emissions are calculated on an annual basis. This means that emissions data is systematically lagging. For example, financed emissions for 2024 will be largely based on full-year 2023 emissions data, as full-year 2024 emissions data will only be made available by investees in the first half year of 2026, and tends to flow to data providers via CDP submissions in the fourth quarter of a given year.

1 In line with PCAF Global GHG Standard, see: carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf

Figure 28
Emission reduction target-setting methodology and scope: Sovereign bonds

We follow the NZAOA-provided approach to measure the financed emissions of our sovereign bond portfolio: Financed emissions cover production (scope 1) emissions (excluding land use, land-use change and forestry (LULUCF)) of sovereign bonds of all maturities issued in domestic or foreign.

Absolute approach:

$$\sum \text{sovereign emissions } (tCO_e^2) \times \frac{\text{exposure to sovereign bonds (USD)}}{\text{PPP – adjusted GDP (international USD)}}$$

Where exposure to sovereign bonds is in Nominal Value.

Intensity approach:

For production emissions:

$$\sum_{i=1}^{n} W_i = W_i \frac{\text{sovereign production emmision } (tCO_e^2)_i}{\text{PPP – adjusted GDP (international USD)}_i}$$

W_i: weighted exposure of sovereign bonds for sovereign "i"in a portfolio consisting of "n"securities based on Marked Value

PPP: Purchasing Power Parity

Green certified buildings

We **successfully reached our ambition of increasing the proportion of green-certified buildings to 30 percent** within our global real estate portfolio by the end of 2025 **one year early**.

Table 13
% green certified buildings in total real estate[1]

	% green certified buildings						Target
	2024	2023	2022	2021	2020	2019	2025
Zurich Global Real Estate Portfolio	**35%**	**23%**	**22%**	**19%**	**22%**	**25%**	**30%**
APAC	17%	0%	0%	0%	0%	0%	
EMEA	34%	21%	23%	20%	23%	28%	
Americas	48%	34%	17%	19%	18%	17%	

1 Market-value weighted and based on balance sheet investments, incl. buildings used by Zurich.

Investments in **green-certified buildings rose to 35 percent in 2024** (USD 4.5 billion, see Table 14), up from 23 percent in 2023, thereby achieving our ambition of 30 percent one year ahead of schedule. This increase is mainly driven by more certified buildings in Germany, where the number of certified buildings rose from 17 to 32. The intention is to sustain this elevated standard of certified buildings in the forthcoming years.

TCFD E

Climate solutions

As a large asset owner, we will leverage our investments to help mitigate climate change and adapt to it. We define climate solutions as investments in economic activities, technologies, or projects that contribute to the mitigation (including enabling activities) of climate change by reducing greenhouse gas emissions, facilitate the transition to a low-carbon, climate-resilient economy or enhance the resilience of people and assets against the effects of climate change.

We leverage our knowledge and proven investment process from impact investing and real estate investments and count environmental impact investments and green certified buildings toward our climate solutions investments. For further information on our impact investment approach, see pages 174 to 176.

Our ability to invest in climate solutions varies annually based on market conditions, available opportunities, and balance sheet capacity.

E

Table 14
Climate solutions

	2024	2023	2022	2021	2020	2019 (baseline)	Difference (to baseline)	Target / Ambition
Climate solution investments (USDm)	**10,442**	**9,272**	**8,192**	**8,203**	**8,054**	**7,408**	**41%**	**upward trend**
of which environmental impact investments[1]	5,936	5,792	4,640	5,115	4,424	3,662	62%	
of which green certified buildings[2, 3]	4,506	3,480	3,552[5]	3,088	3,631	3,747	20%	
Million metric tons CO2e avoided through climate-related impact investments[4] (ambition)	3.9	4.5	3.2	4.6	2.9	2.8		5

1 Values refer to the environmental share of our impact investments displayed in Table 16: Impact investing portfolio on page 176.
2 Green certified buildings based on balance sheet investments, incl. buildings used by Zurich.
3 Values refer to the share of green certified buildings of our global real estate portfolio displayed in Table 13: % green certified buildings in total real estate on page 172.
4 Impact numbers for 2021 and following include methodology upgrade, as explained in our impact measurement methodology paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-impact-measurement-framework.pdf
5 The reevaluation in Austria affected the 2022 year and the value has dropped from USD 4,035m to USD 3,552m.

Case study

Private infrastructure debt investments are particularly suited for impact investing: By investing in infrastructure, impact investors can achieve a dual objective of generating financial returns while contributing to positive social and environmental outcomes. An example is the transition to a low-carbon economy, which requires large investments in new infrastructure. Specific renewable energy or energy efficiency projects can play a vital role and be easily evaluated against specific impact objectives, such as avoiding CO2e being emitted to the atmosphere.

One example is Zurich's debt investment in a portfolio of solar parks in Spain. The portfolio of 23 ground-mounted solar parks can produce 180,000 megawatt hours annually,[1] which is enough energy to power around 9,000 homes supporting the growth of Spain's renewable energy sector and the contribution toward clean energy generation. The solar parks are owned by a developer with extensive expertise in the renewable energy market in Spain.

The rationale for investment in the transaction includes the attractive risk–return profile, the geographically diversified nature of the portfolio of the underlying solar energy generation assets, and the favorable regulatory environment that ensured stability of cash flows and limited exposure to electricity market price fluctuations. Moreover, Zurich's investment in a well-established, long-term solar energy asset that facilitates the avoidance of 1,300 metric tons CO2e emissions annually, shows our commitment to the transition of the economy to a low-carbon energy model and therefore climate change mitigation.

Other Responsible Investment KPIs

We aim to create value for both our company and for society as a whole. As part of this approach, we expect our asset managers to integrate sustainability factors and monitor accordingly i.e., to reflect the risks and opportunities associated with it when choosing assets for our portfolios. We have implemented a global set of policies and investment processes across our entities to provide a consistent approach. Through ESG integration, we price and manage financially material sustainability risks and opportunities. Investments may also enable economic activities that can have positive impacts on our environment and society. We use various third-party data providers that supply information on the most material ESG risks and opportunities, as well as adverse impacts and ongoing controversies per company in the context of the sector they operate in. We have integrated sustainability information, including climate data, into our systems and have information about the performance of our portfolios.

The following section shows the progress we have made with our responsible investment strategy in 2024 and in the past. Our responsible investment strategy is aimed at successfully managing our proprietary investment assets, while mitigating costs to the environment and delivering benefits to society. Our strategy is based on three pillars:

- **ESG integration: into the investment process** across asset classes and alongside traditional financial metrics while **generating superior risk-adjusted, long-term financial returns**.
- **Impact investing**: build an impact investing portfolio that makes a **positive contribution to the environment and society**, to improve the lives of 5 million people and to help avoid the emission of 5 million metric tons of CO2e per year. Additionally, we target to allocate 5 percent of invested assets to impact investments by 2025.
- **Advancing together**: make responsible investment mainstream through interaction with other industry participants and engaging with policy makers to build markets in which **sustainability risk is priced efficiently and decarbonization is incentivized**.

Summary ESG integration and impact investment portfolio

Table 15

Investment portfolio managed by responsible investors

	2024	2023	Change (2024 to 2023)	2022	2021	2020	2019
Assets managed by responsible investors[1]	99.8%	99.8%	0 pts	99.6%	99.6%	99.6%	98.2%
Total amount of impact investments (USD millions)	8,460	7,882	7%	6,328	7,037	5,770	4,555
% of Investment portfolio	5.3%	4.6%	0.7 pts	3.8%	3.3%	2.5%	2.2%
Investment portfolio (USD millions)[2]	**160,645**	**171,200**	**(6)%**	**168,478**	**211,334**	**226,389**	**204,803**

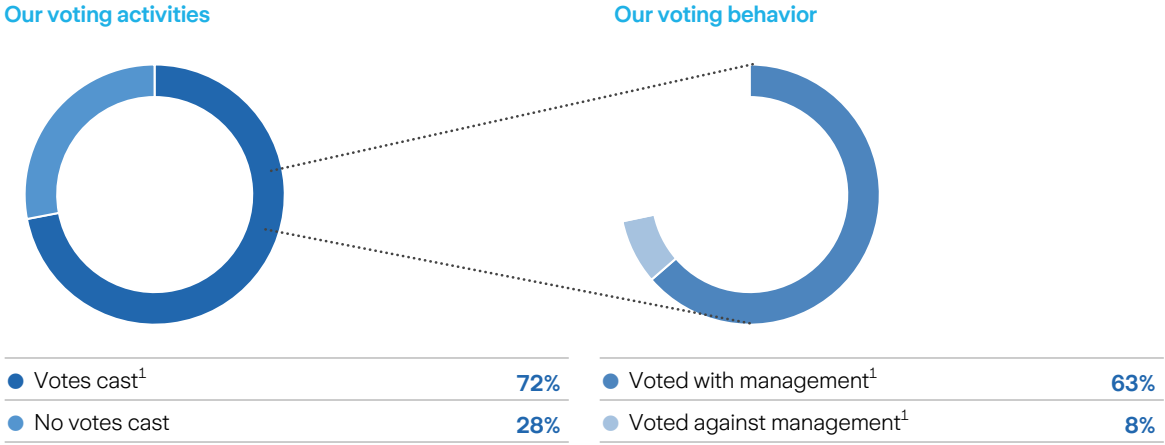
1 A United Nations supported PRI signatory or asset manager that fulfills our minimum requirements for ESG integration. See our responsible investment white paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/responsible-investment-at-zurich.pdf
2 Investment portfolio is calculated on a market basis, and is different from the total Group investments reported in the consolidated financial statements, which is calculated on an accounting basis and doesn't include cash and cash equivalents.

1 Corresponding to 127 megawatt (MW) of generation capacity.

ESG integration – Proxy voting

As part of our active ownership strategy, we require all our managers for listed equities to exercise their voting rights on directly held equities. For our in-house asset management, we seek that outcomes of engagements are linked to the proxy voting process to form a consistent active-ownership approach. This means that where engagement as part of our net-zero ambition fails and companies refuse to set targets after due dialogue, we will vote against board members at shareholder meetings.

Figure 29
Proxy voting



1 Not all votes cast can be allocated to "with" or "against" management. Those explain the difference between our votes cast of 72% and our voting behavior of 71%.

In 2024, we voted on 72 percent of our in-scope equity (externally and internally managed). Approximately 70 percent of our equity investments are in scope for proxy voting.[1] The share of voted equity dropped due to changes in the investment style, moving direct active equity management into equity fund investments. We measure the votes we cast based on assets under management. Reasons for not casting a vote are a combination of portfolio turnover, cost/benefit considerations and voting restrictions (such as demands to vote in person, share blocking or requirements that increase the cost of voting).

Case study

Companies issuing climate transition plans often seek investor validation through 'Say on Climate' proposals. At the beginning of this year, a major European energy and petrochemical company of which we are a shareholder scaled back its emissions reduction commitment, now targeting a lower figure than originally stated. This reversal raised concerns about the company's progress on transitioning to a net-zero economy. At its 2024 Annual General Meeting (AGM), we, along with an important portion of shareholders, voted against the "Say on Climate" proposal, which sought approval for the company's progress and updated plans. We opposed the proposal in order to convey to the company that they have not made enough progress toward meaningful climate action. Our opposition is meant as a message on the urgent need for tangible action from high-emitting companies.

As shareholders we can also communicate our dissatisfaction with the company's climate actions by voting against board members at its AGM. In 2024, we voted against the Directors or members of the ESG board of several companies with whom we have been engaging for several years but who still do not show strong and credible commitments toward net-zero. For example, we voted against the Board of Director of a European steel company who has been involved in severe environmental controversies and does not show strong commitment to CO2e emission reduction. We expect the company to set and execute a tangible decarbonization plan in line with the Paris agreement.

Impact investing

Build an impact investing portfolio that makes a positive contribution to the environment and society, with the ambition to help avoid the emission of 5 million metric tons of CO2e per year, and to **improve the lives of 5 million people**. The latter we have **reached for the first time** in 2024.

We further achieved our commitment to **investing 5 percent** of our proprietary investment portfolio to **impact investments, one year ahead of target year.** In 2024, our impact investment portfolio grew to a **total of USD 8.5bn, equivalent to 5.3 percent of our proprietary investment portfolio (see Table 15).** The increase was driven by a strong momentum in issuances of Sustainability bonds by supranational and non-financials. Achieving our target further demonstrates our ability to grow our allocation to climate solutions and investments benefiting society. Going forward, we are focussing our efforts on climate solutions investments and the environmental angle of impact investing.

1 For further details, see our proxy voting policy: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-proxy-voting-policy-and-guidelines.pdf

We are proud that our impact investment approach won two awards in 2024 recognizing our thought leadership as an institutional investor in this area.

Environmental Finance IMPACT Awards 2024 Winner Re/insurer of the year

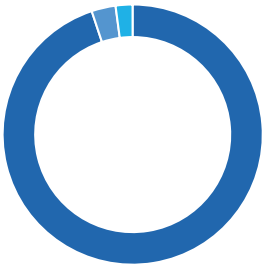
INSURANCE ASSET RISK AWARDS 2024 Responsible investor of the year – re/insurer

In 2024, as part of the Insurance Development Forum, we helped create a blueprint[1] to guide insurance sector investments in resilient infrastructure, as part of our impact investing efforts. This blueprint aims to develop a pipeline of infrastructure projects that meet the insurance sector's investment needs. This initiative reflects our commitment to enhancing the resilience of at-risk communities in emerging and developing economies against climate change and natural disasters.

Figure 30

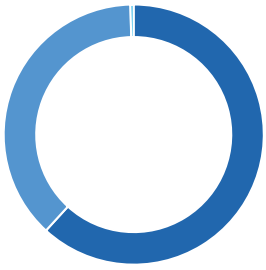
Impact metrics

3.9 million metric tons CO2e emissions avoided



Green, Social and Sustainability bonds	94.9%
Impact infrastructure private debt	3%
Impact private equity	2.1%

5.3 million people benefited by positive contribution to their lives and livelihoods



Green, Social and Sustainability bonds	61.8%
Impact infrastructure private debt	37.8%
Impact private equity	0.4%

In 2024, our **impact investing portfolio of USD 8.5 billion** helped **avoid a total of 3.9 million metric tons of CO2e emissions** and **benefited 5.3 million people**.[2] The above mentioned increase of issuance of Sustainability bonds supported us in achieving our target as it resulted in a higher exposure toward social impact intense issuers such as supranational.

As in the previous year, we see the majority of 'avoided emission' coming from our Green, Social and Sustainability bond portfolio, while private equity is also a large contributor to 'people benefited'. The decrease in avoided emissions, particularly in Renewable Energy projects, is linked to grids operating at lower carbon intensities, resulting in a reduced impact when replacing traditional energy sources. Additionally, there has been a decrease in funding for nature-based solution projects, such as forestation, which usually have significant carbon sequestration potential. Recent years have also experienced volatility in this area.

We further see a lower allocated amount to nature-based solution projects (e.g., forestation projects), which typically have high carbon sequestration potential.

In recent years we have seen volatility in the impact metrics. This is driven by reported impact numbers but also the underlying portfolio constructions.

After engaging in impact reporting for several consecutive years, we have witnessed positive changes in the landscape, including a notable increase in standardization and clarity. The dedication to precision in both reported and actual impact measures reflects heightened efforts by impact managers, particularly in measuring the real impact post-project development. Additionally, we have noticed a growing trend where impact asset managers exercise conservatism in defining the scope of reported projects.

1 www.insdevforum.org/press-release-insurance-development-forum-announces-plans-to-facilitate-investments-in-resilient-infrastructure-in-developing-emerging-markets/

2 Please see: www.zurich.com/investment-management/responsible-investment/impact-investment for more details on impact investing approach. Impact numbers for 2021 and following include methodology upgrade, as explained in our impact measurement methodology paper: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/zurich-impact-measurement-framework.pdf

Furthermore, our own impact portfolio has undergone transformations due to bond maturities and exits in portfolio companies. These shifts have contributed to the fluctuation in impact numbers on a portfolio level from year to year. Despite this volatility, we view these developments as positive news for the industry, recognizing that enhanced measurement practices lead to more effective impact management.

Table 16
Impact investing portfolio

	2024	2023	Change (2024 to 2023)	2022	2021	2020	2019
Total amount of impact investments (USD millions)	**8,460**	**7,882**	**7%**	**6,328**	**7,037**	**5,770**	**4,555**
Total amount of impact investments - environmental share	70%	73%		73%	73%	77%	80%
Total amount of impact investments - social share	30%	27%		27%	27%	23%	20%
Green, Social & Sustainability bonds (USD millions)	7,502	6,857	9%	5,247	5,846	4,677	3,645
Impact private equity (USD millions)	210	216	(3)%	213	211	189	163
Impact infrastructure private debt (USD millions)	748	808	(7)%	867	980	904	747

Advancing together

Responsible investment will only have an impact if this approach becomes mainstream. Supporting sector initiatives and joining member-led organizations to advance responsible investment practices forms an integral part of our approach.

We have signed the UN-backed Principles for Responsible Investment (PRI)[1] as well as the Principles for Sustainable Insurance (PSI) and collaborate with several industry initiatives and research bodies. For instance, we are a founding member of the UN-convened Net-Zero Asset Owner Alliance (NZAOA),[2] co-chairing its Policy and Transition Finance work tracks the past two years, demonstrating leadership in addressing climate change by committing to ambitious targets but also benefiting from having access to resources, tools and expertise provided by the UN and other partners.

Our long-standing commitment to the Green and Social Bond Principles[3] underscores our dedication to the Green, Social and Sustainability bond market. Our leadership role was reaffirmed with our reelection in 2024 to the Executive Committee of the Green and Social Bond Principles, ensuring continued alignment to foster a Green, Social and Sustainability bond market that enables capital raising and investments for new and existing projects with environmental benefits.

We are also a founding member of the Investment Leaders Group (ILG),[4] facilitated by the Cambridge Institute for Sustainability Leadership (CISL), working on developing and promoting best practices for responsible investing. The latest efforts were around nature where ILG's research aims to empower investors to understand how shifts in market sentiment, induced by awareness of present and future environmental and specific nature risks, could affect global financial markets in the short term.

In 2024, Zurich also became the Convener of the Advisory Board of the Operating Principles for Impact Management (OPIM).[5] As a leading institutional asset owner in impact investing, we can play an important role to help and grow the market by being inspirational to fellow asset owners.

Own operations and supply chain

We are actively managing our operational emissions[6] in alignment with four core principles:

Transparency

We report on the carbon dioxide equivalents (CO2e) of the following sources of emissions to track progress toward our science-based targets for reducing emissions, in line with efforts to limit global temperature rise:

- Scope 1 emissions from fleet and onsite heating in our workplaces.
- Scope 2 emissions from purchased electricity, heat and steam in our workplaces.
- Scope 3 emissions from air, rental and rail business travel, employee commuting, strategic data centers, printed paper, waste, as well as indirect energy impact.

1 www.unpri.org/
2 www.unepfi.org/net-zero-alliance/
3 www.icmagroup.org/sustainable-finance/
4 www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group
5 www.impactprinciples.org/
6 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, third party vendors as well as our new acquisitions Zurich Kotak and Travel Guard are excluded since they were not reflected in the CO2e emissions baseline in 2019.

Accountability
We set clear targets on our operational emissions (see Table 17 on page 178), including a target in our LTIP.[1]

We have been **carbon neutral since 2014** through the use of high quality offsets, which we apply only after prioritizing emissions reductions. In 2021 we launched **our path to net-zero operations with our first carbon removal purchases**.[2]

We also set an internal price on carbon. In 2024, the price was USD 55 per metric ton which we aim to progressively increase through to 2030. The price is applied to actual emissions to determine the value of our carbon fund which supports our carbon neutrality and net-zero carbon commitments, and other innovative solutions to drive down emissions from operations, as well as those from other sources related to our business.

Collaboration
We can only be successful if we address sustainability risks and opportunities together. In addition to cross-functional collaboration, which is required internally to deliver our operational sustainability agenda, we focus on: employee engagement, engagement with our supply chain, and other external stakeholders such as universities, and NGOs to share knowledge, promote research and improve our understanding of evolving operational sustainability risks and opportunities.

Continuous improvement
Our operational sustainability is based on a model of continuous improvement of processes which is essential as best practices in sustainability are regularly advancing. Our efforts are heavily focused on improving data quality through opportunities such as data automation and improving control processes. We are also working to align with the financial reporting boundary (see Table 18 on page 179).

Please see the table below for progress on our targets for our own operations against a 2019 baseline.[3]

1 For more details on our governance framework, see chapter 2. Governance on pages 134 to 136.
2 For further details about our approach to net-zero in our operations, visit our website: www.zurich.com/sustainability/planet/sustainable-operations
3 Our environmental reporting methodology follows the GRI Standard, which is based on the requirements of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. For more details on methodology, visit our website: www.zurich.com/sustainability/planet/sustainable-operations

Sustainable operations

Table 17

Absolute carbon emissions coming from our own operations[1]

		2024	2024 Progress against 2024 baseline in %	2023	2023 Progress against 2023[2] baseline in %	2019 (baseline)	Target reduction by 2025	Target reduction by 2029	Target reduction by 2030
Absolute carbon emissions	**Total**	**56,795**	**(69)**	**60,066**	**(67)**	**180,805**	**(60)**	**(70)**	**Net-zero**
Absolute reduction in all operational emissions	Final	52,090							
	Initial estimate[3]	4,705							
Scope 1 + 2 emissions	**Total**	**18,374**	**(62)**	**19,807**	**(59)**	**48,290**	**(62)**	**(80)**	**Net-zero**
Fleet emissions	Final	14,470		15,524		20,285			
Onsite heating	Initial estimate[3]	2,000		2,341		3,794			
Electricity emissions	Initial estimate[3]	25		62		20,630			
District heating emissions	Initial estimate[3]	1,880		1,880		3,581			
Scope 3 emissions	**Total**	**38,420**	**(71)**	**40,259**	**(70)**	**132,515**	**(60)**	**(67)**	**Net-zero**
Printed paper	Final	2,117		1,384		2,435			
Strategic data center	Initial estimate[3]	0				6,847			
Energy and fuel-related emissions	Initial estimate[3]	4,383		4,697		11,731			
Waste	Initial estimate[3]	100		192		808			
Business travel emissions	Final	15,174		14,861		41,018			
Air travel emissions[4]	Final	14,091		13,599		39,435			
Rental car emissions	Final	618		841		1,241			
Rail emissions	Final	465		422		342			
Employee commuting emissions	Final	16,647		19,125		69,676			

1 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, third party vendors as well as our new acquisitions Zurich Kotak and Travel Guard are excluded since they were not reflected in the CO2e emissions baseline in 2019 which was used to set the LTIP target. Data in the table shown as metric tons of CO2e.
2 https://edge.sitecorecloud.io/zurichinsur6934-zwpcorp-prod-ae5e/media/project/zurich/dotcom/sustainability/docs/zurich-environmental-performance-data-2023.xlsx
3 Initial estimate only refers to the year 2024. Emissions related to facilities data (electricity, heating and waste) and data centers are impacted by a time lag and are therefore estimated. Final data will be published by Q2 2025 on our website.
4 DEFRA emissions factors for air travel are held flat to the 2022 factor set given subsequent updates incorporated load factors which were impacted by the pandemic. This would have inflated air emissions by an estimated 20 percent and would not reflect an accurate view of our travel activity.

We have included estimated emissions for the purpose of presenting a total operational footprint for 2024,[1] comparable to previous years' performance.[2]

In 2024, we achieved a reduction in total operational emissions over the previous year following two years of rebound since the COVID-19 pandemic-induced decline. Against our 2019 baseline, the reduction was 69 percent. The strongest reduction was in our employee commuting emissions which was primarily due to data quality improvements. We are continuously improving the calculation approach, reducing dependencies on assumptions, and expanding automation. For example, we are able to capture actual commutes taken and link them to the commuting profile of the individual (if that commuter chose to provide the details of their commute). We also continued to progress on our transition to electric vehicles,[3] adding more than 900 electric vehicles during 2024, totaling 49 percent of the global car fleet. If we add the count of hybrids, this covers 61 percent of the car fleet. Air travel emissions increased by 4 percent compared to 2023, as we continue to prioritize the needs of our customers and partners.

While print has increased slightly since 2023, emissions have disproportionately increased due to a change in the calculation methodology for the underlying DEFRA emissions factors.

1 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, as well as third party vendors are excluded as well as our new acquisitions Zurich Kotak and Travel Guard.
2 Final figures will be presented upon conclusion of the reasonable assurance audit in Q2 2025.
3 Including battery electric vehicle and plug-in hybrid.

In 2024, we expanded our emissions measurement for entities which were not included in the baseline in 2019. Estimations have been prepared for those.[1] Scope 3 emissions, in particular employee commuting and business travel, represent the highest emissions sources in our estimates.

Table 18

Absolute carbon emissions estimated for entities not included in the baseline

In metric tons CO2e	2024
Absolute carbon emissions	**9,482**
Scope 1 emissions	1,034
Scope 2 emissions	2,628
Scope 3 emissions	5,821

1 Those include Cover-More, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, as well as third party vendors and our new acquisition, Zurich Kotak. The acquisition of Travel Guard is not included due to the late closing in December 2024.

4. Our customers

Building a brighter future together with our customers.

2024 was a year of accelerated progress where we focused our efforts on driving business growth through customer focus. This means building customer loyalty to become the insurer of choice.

We deepened our understanding of customers and their needs through advanced data analytics and insights, and connected the dots between customer loyalty and financial performance. This is allowing us to support the net-zero transition by providing relevant insurance products and specialized risk advice that in turn helps our customers become more resilient, and it is significantly improving our ability to deliver our customer promise: Your needs at the heart of everything we do.

Our work is guided by Zurich's Customer Experience and Broker Experience standards, powered with the responsible use of technology, including Generative AI, and through continually building customer capabilities – now reaching more than 65 percent of employees across the organization – to ultimately build meaningful relationships with our customers. In this way, we continue to build a brand that is closer than ever to our customers.

> At Zurich, we don't just cover, we care. Our commitment to a customer-first approach means we consider the unique needs of our customers, as we design propositions and experiences, making it easy for customers to interact with us both digitally through customer apps or portals and in-person, depending on their preference.

Conny Kalcher
Group Chief Customer Officer



4.1 Customer experience and customer-centric solutions
4.2 Customer attraction and retention
4.3 Fair and transparent advice
4.4 Digital confidence & trust

4.1 Customer experience and customer-centric solutions

Listening to our customers

We measure improvements to the retail customer experience through Transactional Net Promoter Score (TNPS)[1] and to the commercial customer experience through Relationship Net Promoter Score (RNPS)[2] and broker surveys. We periodically assess each country to evaluate our progress, set targets for improvement and define actions to be taken – obtaining a global view on how our customers experience our brand to date. In 2024, we surveyed 1.5 million customers, evidencing continued high levels of customer satisfaction and a 3.7 point increase in our global TNPS score. This increase is as a result of our continuous employee training, digitization and personalization, improving experiences for our customers in our helpdesk, purchase and website touchpoints.

Customer experience

Zurich's Customer Experience (CX) and Broker Experience (BX) standards for retail and commercial insurance set and raise the bar for the experiences that we want our customers to have. They cover a range of touchpoints across the customer journey with the aim to go above and beyond local laws and regulations to address our customers' evolving needs and expectations. These standards foster the development of sustainable products and services, and of behaviors that consider customers' physical, mental, financial and social wellbeing.

In 2024, we progressed on the most material topics in relation to our consumers and end users.[3] We continue to rollout across retail markets our mobile-first customer portal, **Zurich One**. The portal delivers on a wide range of functionalities, for example, secure access to customer policies and claims and self-services such as personal data updates. The portal development is delivering on our CX Standards by addressing increased transparency, speed in service and accessibility of policies. Following the initial launch in 2023 of the web-based version in Switzerland and the app version in Italy, in 2024 we launched the app version in Switzerland. The portal has maintained an average app store rating of 4.7 out of 5. The web version is now available in Indonesia. Equally, we are improving the digital experience of more than 10 million customers that engage with us globally through our portals and apps.

1 TNPS provides us with feedback on our performance in the eyes of our customers and delivers insight on how specific interactions affect their experience. TNPS excludes Zurich Kotak business due to onboarding of the business onto our customer platform.
2 RNPS delivers insight on the overall customer experience, with or without specific interactions.
3 For further information, see section 1.1.2 Assessing materiality on pages 124 to 125.

Customer-centric solutions

In 2024 we continued to roll out the Zurich Customer Centricity program, a customer-focused distribution and sales approach that applies extensive customer data analytics and segmentation to improve our understanding and anticipate customer needs and aspirations, helping deliver more relevant and personalized propositions. The program is now active in 13 countries, accounting for 57 percent of our retail customer base[1] globally.

4.1.1 Revenues from sustainable solutions

Measuring our sustainable solutions through our internal definition

Since the establishment of our own definition of sustainable solutions in 2021, every sustainable solution must undergo a thorough assessment and meet our **stringent criteria** to be included and reported as sustainable revenue. All sustainable solutions brought forward by the countries that meet our criteria are approved on a quarterly basis by our dedicated advisory group.

The term sustainable solution refers to insurance products, add-on coverages, investment products and advisory services that are designed or adapted to support activities that generate a positive environmental or social impact and contribute to the mitigation of climate risks.

In 2024, we enhanced the description of the solutions to provide more clarity and detail in the examples. This is updated in the table below showing examples of revenues from sustainable solutions across the three categories (environmental, social and investment).

Table 19

Internal definition of revenues from sustainable solutions

Revenues from sustainable environmental solutions	Solutions related to technologies and/or activities that have an impact on reducing greenhouse gases, preserve or enhance biodiversity as well as enable the responsible use of natural resources. These solutions aim to mitigate and support resilience against the adverse impact of environmental-related risks on our customers.	Examples include: – Insurance coverage for electric vehicles. – Carbon capture solutions. – Risk prevention services that contribute to more customer awareness and resilience to the adverse impacts of climate change e.g., flood resilience.
Revenues from sustainable social solutions	Solutions that enhance the social or financial inclusion and address the needs of vulnerable groups including those that reduce inequalities and help close the gender gap and other inequities. Solutions designed to incentivize physical and mental healthy lifestyles, preventive medical care and safe behavior.	Examples include: – Life protection for customers with existing chronic diseases such as diabetes or cancer. – Life protection policies sold in a bundle with LiveWell. – Micro-insurance for low-income customers, e.g., insurance for smallholder farmers.
Revenues from sustainable investment solutions	Investment products with a dedicated responsibility approach which goes beyond simple exclusions or the integration of ESG factors from a pure risk mitigation perspective.	Examples include: – Unit-linked products tailored to the needs of customers with sustainable preferences. Focused on sustainable environmental and social factors, e.g., ESG funds, as well as transitional aspects.

Several products incentivize health, safety, and/or environmentally responsible actions/behaviors for our customers. Here are some examples:

LiveWell by Zurich[2] enhances holistic health and wellbeing by focusing on physical, mental, social and financial health. In promoting positive living habits, the **LiveWell app has helped improve users' quality of life, enrolling more than 595,000 users to date**. For example, after joining LiveWell, users who completed guided meditations slept 37 minutes more per night and 'low activity' users increased daily steps from under 3,000 to over 5,500. In 2024, LiveWell expanded its services by enhancing in-app health scans and increasing access to telehealth, mental and other counseling services. These efforts led to LiveWell receiving the Frost & Sullivan's 2024 Global Customer Value Leadership award[3] for advancing accessible mental health solutions.

1 Excluding the customers of our joint venture with Banco Santander. Zurich Kotak and Travel Guard are also excluded due to ongoing onboarding onto our customer platform.
2 LiveWell by Zurich is accessible as a health and wellbeing app and ecosystem to support users integrate holistic wellness into their life. It is also offered to our employees as part of our global mental wellbeing program, see section 5.1.3 Wellbeing on pages 198 to 199.
3 www.frost.com/uncategorized/livewell-awarded-frost-sullivans-2024-global-customer-value-leadership-award-for-advancing-equitable-and-accessible-mental-health-solutions/

Our joint venture with Banco Sabadell as part of accident and health insurance, offers additional services to people over the age of 60. For example, **home care services and an accompaniment service**, including access to day centers, excursions, rehabilitation and physiotherapy.

Our repair versus replacement offering in Germany is supporting a change in customer behavior. By offering an extended warranty solution past the two-year standard, the solution **prioritizes repair of electronics over their replacement.** When a claim is submitted, customers are encouraged to repair their device or take a refurbished device in the first instance before seeking a new one, thus reducing the additional carbon created by producing and shipping new 'replacement' devices.

Our car cover insurance in Chile **encourages drivers to drive less**, through a **variable pricing scheme** that rewards drivers for using their vehicle less, i.e., the less they drive the less they are charged. This insurance encourages customers to think more about whether they need to drive or can use alternative solutions at the same time as keeping their premium low.

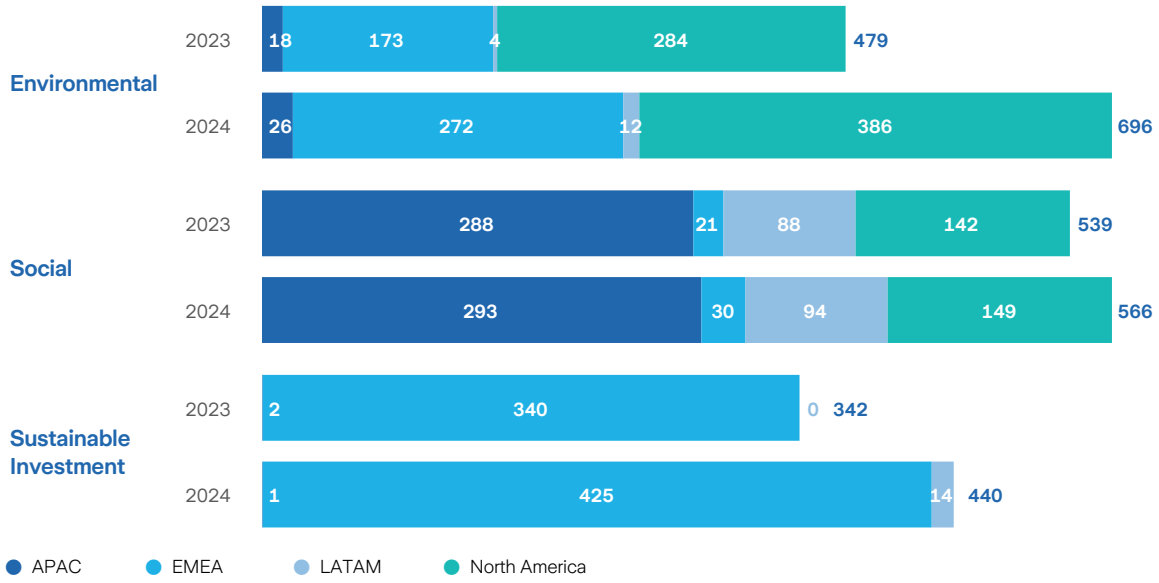
E S

Sustainable solutions meeting our internal criteria generated USD 1.7 billion in revenues (2 percent of our total gross written premiums, fees and net flows) during 2024 (USD 1.4 billion in 2023) an increase of 25.2 percent. We continue to **strive** to create new solutions that help our customers on their journey to becoming more sustainable.

Since 2023 we have **increased the number of approved solutions** across our environmental, social and sustainable investment categories from 335 to 402 in 2024, mainly driven by our environmental category with 41 new solutions approved.

Revenues from sustainable solution split by region and sustainable category

Figure 31
Revenues from sustainable solutions split by region and sustainable category
In USD millions

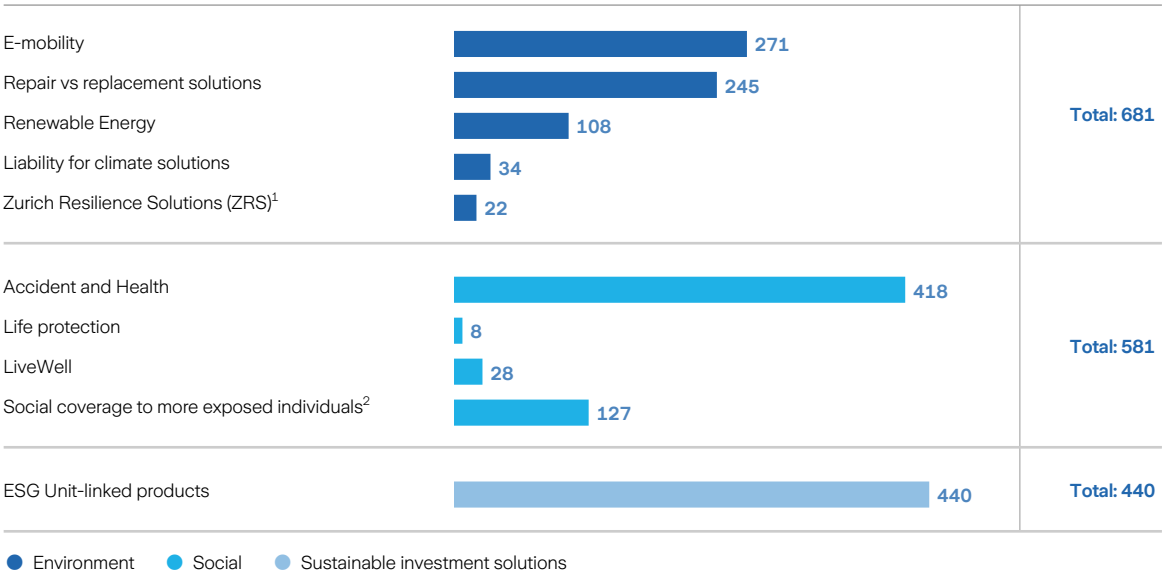


EMEA contributes USD 726.8 million (42.7 percent), increasing its revenue from sustainable solutions by 192.9 million. Contributions are mainly coming from two sustainable categories, namely sustainable investments and environmental solutions. EMEA's contribution reflects the invested asset geographical split, with the majority of our investments and unit-linked business being invested in our European countries. The environmental category is contributing USD 271.9 million mainly through our EV solutions across Spain, Switzerland, Germany and the UK.

North America contributes USD 535.2 million (31.4 percent), increasing the revenue generated from sustainable solutions by USD 108.8 million compared with 2023. Contributions are mainly coming from solutions, where repair takes priority over replacement for electronic devices and appliances. In almost all cases the devices are repaired.

APAC contributes USD 320.5 million (18.8 percent) and LATAM contributes USD 119.9 million (7 percent) to our sustainable revenues in 2024. Both regions have a strong performance in the social category providing for 91.5 percent and 78.5 percent respectively of their sustainable revenues for 2024. For example, Japan is providing solutions on personal accident cover, both for the elderly and low income individuals, with Brazil providing accident and health cover to more exposed individuals.

Figure 32
Revenues from sustainable solutions by product category
In USD millions



1 ZRS predominantly consists of environmental solutions, and was therefore allocated to the environmental category with the following split, USD 12.3 million for environmental and USD 9.2 million for social solutions.
2 Social coverage to more exposed individuals predominantly consist of social solutions, and was therefore allocated to the social category with the following split, USD 102.6 million for social solutions and USD 24.2 million for environmental.

Our environment solutions totaling USD 680.6 million for 2024 cover a number of categories. For example, e-mobility provides a holistic solution for EVs that includes coverage outside of the car itself, including, theft of charging cables and damages to home infrastructure (home charging) as well as coverage for the production of the batteries. With our repair vs replace solutions, where priority is given to repairing appliances to reduce the amount of waste going to landfill sites, or if a replacement is needed, it is sourced from the most energy efficient models. Renewable energy solutions provide liability, construction and/ or property cover, for the production of renewable energy (e.g., solar and wind). In EMEA, for example, Portugal has enhanced its home and buildings cover for customers using solar power renewable energy in 2024, to cover electrical hazards, damage from breakage or falling from the roof as well as acts of vandalism and increased costs associated with reconstruction.

Social solutions across North America, APAC and LATAM countries with a total of USD 581.4 million in 2024, are providing affordable accident and health cover to more exposed individuals. These people find it difficult to obtain insurance owing to the nature of their work (e.g., gig and truckers) and/or are households that have low income (those earning less than the national average in some countries) or owing to their age find it difficult to obtain cover. Our social coverage solutions to more exposed individuals are following the same approach as the accident and health category by providing tailored coverage to those who have low income or are socially disadvantaged.

Sustainable investments solutions coming from our ESG unit-linked products are contributing USD 440.4 million to our total sustainable revenues for 2024. These solutions are mainly coming from the EMEA region with Germany's savings and pension plan, Switzerland's Green bonds and Zurich Carbon Neutral World Equity Fund. Switzerland also increased its offering of sustainable investments solutions in 2024, to include Carbon Neutral bonds denominated in USD and EUR.[1] These solutions seek to increase the share of sustainable investments, establish a strong focus on clean technology companies and move away from investing in fossil fuel-linked companies.

4.1.2 Innovating for our customers

We believe insurance can make a **significant contribution** to the goal of net-zero and a low-carbon future, helping our customers on their own transition journey. We work with customers and collaborate with public and private organizations to **develop innovative solutions** that enhance their resilience and help to prevent and/or minimize the damage and harm that can come from climate-related perils. Our insurance and risk management solutions are developing alongside the release of new technologies, business models and approaches that are needed to help our customers transition to a climate-neutral economy. Our expertise helps with the management of the associated risks during implementation. We use capital markets to search for and fund solutions seeking to reduce and/or remove pressing social or environmental issues. Below are some examples that explain how and what we are doing to help our customers on this transition journey.

1 For further information, see section 4.1.2 Innovating for our customers – Unit linked business on pages 184 to 185.

Our social solutions focus on providing affordable and accessible personal accident and health cover, to more exposed individuals and/or those that would not ordinarily be able to obtain insurance, either owing to their age, pre-existing or new health conditions, or societal status. With these solutions we are able to improve and enhance the social benefits of affordable insurance cover, through helping an aging population, covering diseases that other providers do not and reducing the potential exposure to livelihoods.

Climate Resilience by Zurich Resilience Solutions (ZRS)

Climate change is the most pressing business and societal challenge of our time. With the world experiencing severe weather events with increasing severity and frequency, it is becoming more important for organizations to tackle the present day and future climate risks confronting them. Additionally, organizations must fulfil the growing obligations and expectations, from both regulators and society at large, to identify, manage and report on their climate risks in order to demonstrate their business resilience and economic sustainability.

The ZRS team works with organizations around the world to build resilience against the present and future impacts of climate change. As our specialized risk advisory business, ZRS helps organizations identify, assess and adapt to risks such as climate change. For example, we worked with the City Council of Madrid to identify and quantify its exposure to short- and long-term climate risks, particularly with regards to extreme heat and its impact on people. By better understanding the likelihood of an extreme heat event, and the severity of its impact, the City Council is able to prioritize the adaptation measures required to reduce risk and make its city safer.

We believe that understanding exposure to climate risk is an essential step for our customers to protect their business, assets and people. In 2024, ZRS launched Climate Spotlight, an interactive digital solution to help organizations assess their exposure to climate risks up to the year 2100. It is available through two customer products, Climate Spotlight Core and Expert, which have been designed to meet the needs both of mature and young organizations with varying priorities, resources and budgets to tackle climate-related risks. Both products provide a present-day and future-looking climate risk analysis which is accessed via an intuitive dashboard and downloadable risk report, providing insights that can be used to inform climate adaption decisions and complete climate risk reporting. This analysis leverages our proprietary climate data, which is developed using the Intergovernmental Panel on Climate Change (IPCC)[1] scenarios. This data is used by our insurance, operations and investment business, and is consistent with the hazard view used in the calculation of our solvency position for the natural catastrophe risk as part of the SST calculation, see section 3.1.3 Natural catastrophe modeling: current exposure to physical risk on page 141 for further information.

We combine these state-of-the-art analytics with on-site risk assessments from climate risk specialists, to provide practical recommendations organizations need, in order to adapt their physical assets and on-site operations to climate change. For example, working with a global logistics company, our climate risk experts undertook climate risk assessments at critical port terminals. The outcomes fed into the terminal's maintenance schedules and potential investments into upgrading physical resilience measures on key infrastructure.

This end-to-end approach from portfolio-level risk analysis, down to location-based risk assessments, is a key differentiator in the market and supports customers with site adaptations as well as their climate-related reporting obligations.

Serving customers through digital applications and real-time support

Zurich Integrated Benefits & International Life continues to enhance the customer experience through digitization, increasing accessibility and financial wellbeing. In the Middle East, the MyZurichLife app allows customers to easily and securely manage their insurance and helps financial advisers provide quick support, fostering close and trusted relationships. The app has achieved 30,000 downloads and around 15,500 logins per month to date. As a result of consistent positive feedback, additional services are being introduced – notably the new **Zurich Digital Advice tool**, which uses advanced data analytics to help customers simulate future scenarios and build a holistic plan to achieve personalized financial goals within an hour. Accurate data and timely insights enable customers to simplify complex financial choices and make informed decisions confidently.

World Travel Protection (WTP), a cornerstone of our travel insurance and assistance business, provides comprehensive travel risk mitigation as well as medical and security assistance services for leisure and corporate travelers. From pre-trip intelligence briefings and real-time alerts during geopolitical events, natural disasters and other risks, to medical evacuations and access to doctors and hospitals, WTP helps to keep travelers informed and supported every step of their journey. In 2024, nearly 38,000 real-time alerts were generated, over 137,000 cases managed and 1,350 evacuations were conducted resulting in safer and healthier travelers. These services are delivered through security personnel and practicing clinicians supported by leading technology and a robust global network of 85,000 providers in our global command centers, which operate 24/7.

Unit-linked business

We continue to integrate responsible investment in the unit-linked Life business. It is our ambition to provide our customers with a range of responsible investment solutions that not only meet our high quality standards, but also the sustainability preferences of our customers. Underlying this ambition is a combination of Group-wide and local initiatives.

1 www.ipcc.ch/

The Zurich Carbon Neutral Fund initiative offers a well-diversified investment portfolio combined with a low-carbon investment strategy. Seeking alignment with the 1.5°C goal of the Paris Agreement, the financed emissions are being compensated through carbon offsetting.[1] These funds are available to our customers in nine countries.

This initiative began with the launch of our flagship **Zurich Carbon Neutral World Equity Fund** in 2021. The positive feedback from our customers and distributors has encouraged us to expand the Zurich Carbon Neutral Fund range. In 2024, we introduced **four additional solutions aligned with the Zurich Carbon Neutral investment approach**. We have expanded our equity fund offering to include two additional funds covering US Equity and European Monetary Union Equity. In addition, we now have two corporate credit offerings covering Corporate Bonds denominated in USD and EUR.[2] These new solutions mark an important step in expanding our Carbon Neutral fund range and building a comprehensive multi asset portfolio offering for the benefit of both our investment and unit-linked insurance customers.

Introducing these additional solutions, has achieved a significant milestone reaching over EUR 1.8 billion in Assets under Management. As of December 31, 2024, the Zurich Carbon Neutral Funds generated net inflows of EUR 106.5 million.

4.2 Customer attraction and retention

Our Retail business serves over 75 million customers across our business, and remains stable with a customer retention rate at 79.4 percent[3] (2024) and 81.6 percent (2023), despite economic pressure due to continued rate increases. To guide our focus on our customer ambition "to become the insurer of choice for our customers by earning their loyalty", we are introducing the Net Revenue Retention KPI, a new internal metric that closely measures the financial impact of our customer strategy. This metric provides us with a holistic customer-based rather than policy-based view of our business, and helps us to identify and understand the drivers of customer loyalty to inform business decisions, providing us with the information needed to serve our customers better and build meaningful relationships with them.

Our Corporate Life and Pensions (CLP) business has over 52 thousand customers across our business, representing millions of individual workers and, in some places, their family members. In 2024, CLP's retention rate[4] is 90.6 percent, a decline from 93.5 percent in 2023. This decrease, was primarily attributable to a one-time data quality exercise in Switzerland, which removed customers who were inactive due to factors such as company liquidation. Excluding this impact, the 2024 retention rate is 93.2 percent, consistent with 2023. CLP continued winning new customers in 2024, which led to an overall **growth in the customer base by 1.1 percent.** This result is due to many factors, including its proven relationship management model, both with distributors and customers. Each established distribution partnership is assigned a senior relationship manager with years of experience in employee benefits. Our strategic customer relationships benefit from dedicated specialists, both locally and globally. In addition, CLP has a number of successful product innovations and new distribution agreements in 2024. In Australia, owing to increased demand from customers, the local Corporate Care proposition was refreshed to add more inclusive benefits covering women's health, employee wellbeing and mental health. In Germany, our freedom of service entity was selected as the exclusive protection provider for mid-market customers of a major distributor. Similarly in the UK, CLP was selected for the first time as provider of income protection coverage for a major distributor's SME portfolio recognizing the quality of our solution through its design and pricing. Our global financing solutions achieved the largest geographical footprint in the industry, as recognized by global distributor WTW, and benefit from a particularly effective approach to captive cessions, owing to our successful collaboration with commercial insurance. CLP continues to invest in technology platforms so that it can both reach new customers and serve existing customers better and more efficiently. For example, we are upgrading our quotation platform to a new technology stack with an open architecture. This allows us to integrate better with internal and third-party digital platforms, growing our market share with brokers and customers like SMEs who prefer these channels.

In **Commercial Insurance**, our continued pursuit of customer satisfaction remains at the forefront of our strategic initiatives. The portfolio has grown to over 1 million customers across our business. In 2024, despite changing market conditions, we steadfastly adhered to our customer value proposition and maintained our commitment to our Customer Experience and Broker Experience Standards. These standards underpin our desire to meet and exceed our customers' expectations and are evidenced both through our strong premium retention metrics as well as through external market recognition. The 2024 SAMA Excellence awards[5] recognized Zurich's global customer relationship management as outstanding, not only in the insurance sector, but across industries, making us a two-time winner of this prestigious award. The **retention ratio[6] remained strong** at 88.2 percent compared to 88.6 percent in 2023. This has been achieved whilst preserving a consistent approach to underwriting discipline and maintaining a proactive approach to risk selection. Our relentless focus on delivering exceptional customer experiences underscores our promise to support and serve our valued clients effectively, regardless of market dynamics.

1 For the year 2024, carbon offsetting was made through 100 percent removal-based projects. For example, we work with a carbon offsetting cooperative scheme for farmers in Uganda. The project aims to achieve long-term emission reductions by combining carbon sequestration with improvements in rural livelihoods.
2 The additional Equity funds are the Zurich Carbon Neutral US Equity Fund and the Zurich Carbon Neutral European Economic and Monetary Union (EMU) Equity Fund. The additional Credit funds are the Zurich Carbon Neutral US Corporate Bond Fund and the Zurich Carbon Neutral Euro Corporate Bond Fund.
3 The customer retention rate is calculated based on retail core customers, excluding our affinity partners in Brazil, Germany, Indonesia P&C, as well as the joint ventures with Banco Sabadell and Banco Santander. Zurich Kotak and Travel Guard are also excluded due to ongoing onboarding onto our customer platform. When calculating the customer retention rate, the attrition of customers in employer-sponsored plans (e.g., life insurance plans) due to turnover (voluntary or involuntary) is not applicable. Additionally, the split between voluntary and involuntary laps was not made.
4 Indonesia, Malaysia, North America and Portugal, are excluded due to ongoing onboarding onto our customer reporting system, Zurich Horizon.
5 www.strategicaccounts.org/en/awards/
6 Premium retention rate for Commercial excluding our Crop, Programs, Direct market, Group Captives and Surety business in North America.

4.3 Fair and transparent advice

4.3.1 Customer experience and communication

As we refine and standardize the customer experience, we equally acknowledge that each customer is a unique individual who can be exposed to different triggers at different stages of their life. In a world where digital and physical boundaries are blurring, the human touch becomes even more valuable in customer experience. That is why we deployed a new Customer Communication Strategy in 2023, addressing the way we work with our customers in one-to-one interactions. Our strategy has materialized in 2024 through two components, namely the Zurich Tone of Voice Framework and the Zurich Customer Empathy Program.

The Zurich Tone of Voice Framework provides a set of rules and guidance which provide increased warmth, clarity and conciseness in our communication with our customers about what we offer and any actions a customer needs to take. Throughout 2024, 15 countries have adopted the framework, and are focused on embedding the rules and guidance within key customer-facing documents, with the support of dedicated training and AI tools. This will expand to cover other customer documents and communications.

To support frontline employees in achieving emotional connections with our customers and truly understanding their needs and communication styles, we have developed the Zurich Customer Empathy Program, an award-winning training[1] that helps our customers feel seen, valued, and understood. In 2024, the training was completed by more than 11,700 employees globally, reaching 18.5 percent of our total workforce, directly impacting TNPS scores in key customer touchpoints.

In line with our Code of Conduct, we strive to manage the risk of poor outcomes for our customers and conduct our business in a way that treats them fairly. We believe that clear and transparent advice is critical to mitigating the risks that our customers face throughout their journey with us and we enable them to make informed decisions and choices for themselves. Our Code of Conduct[2] outlines key behaviors that guide and inspire us to work with the highest ethical, legal and professional standards. We have a global Customer Facing Conduct (CFC) framework in place to support strong customer management in all our countries.

The CFC framework is designed to support countries in identifying, evaluating and mitigating the risks related to customer facing conduct. It also supports in developing detective and preventive control activities in existing processes across the customer lifecycle. These activities help to maximize the likelihood of fair and positive outcomes for our customers in alignment with the changing needs of our customers, new business models and the evolution of expectations and requirements from regulators and other stakeholders.

4.3.2 Continuously measuring and improving claims handling

Claims is a key component of our value proposition and sits at the heart of insurance. When an insured incident occurs, our dedicated claims team is there to support our customers in their most important time of need. Whether it is a personal motor claim or a large commercial property fire, every claim within our retail and commercial business presents an opportunity to not only pay out or provide a service to our customers, but to consider whether there is an opportunity to utilize a more sustainable claims solution or support future resilience. We want to continue building these solutions to support the growing number of sustainable products and services that we can offer our customers.

Empathetic and competent claims management is critical to providing first-class customer service. We strive to put the customer at the heart of everything we do and to make the claims experience as transparent, personal, and responsive as possible. In 2024, we won awards recognizing our market-leading claims services, for example the UK Claims Team won best team award at the Insurance CX Awards. Malaysia won Travel Insurance Initiative of the year by Insurance Asia. Quoros Innovation Awards recognized Brazil as the bronze winner for the Social Sustainable and Responsible category. Equally, Global Brokers Surveys consistently consider that we perform at peer average or above. As a result of our continuous efforts, evidenced by the different recognitions and interactions with our customers, our claims TNPS score improved by 1.7 points. There has also been a 4.3 percent increase in the number of responses from our customers, showing that our customers have a stronger willingness to communicate their claims experience to us. This also represents an opportunity for us to use customer feedback to elevate service levels and deliver fair and positive outcomes for our customers.

Our Global Claims Blueprint continues to give guidance to countries on the claims capabilities that are required to deliver operational, technical and service excellence. In 2024, we introduced new references to sustainability within our Global Claims Proposition, one of which states: “Where you elect to reinstate your building, we will always endeavor to rebuild based on improving resilience within the scope of cover afforded under your policy.” To achieve this, in collaboration with global adjusters, we are modifying our adjusting templates to incorporate references to relevant building materials, construction methods or differences in building code, which may give rise to an improved sustainability outcome or at the very least highlight the options and the choices that are available for the customer.

Here is a closer look at some of our initiatives. In Brazil, we have continued our collaboration with our motor repair body shops that have been certified with an independently accredited Green Seal. In 2024 in recognition of a shortage of skilled labor in the local market, they have partnered with the Instituto Divina Providencia and the body shops to sponsor

1 https://excellenceawards.brandonhall.com/winners/
2 For further details, see section 5.2.2 Training and awareness on page 200.

a training program, targeting the unemployed, primarily women as certified panel beaters. The body shop solution has influenced other countries in LATAM, namely Chile and Argentina that are working with local businesses to develop and implement a similar approach, where we aim to have a consistent form of Green Seal accreditation and provide similar sustainable practices in our motor repair body shops. Spain has partnered with 'Centro Zaragoza', an automotive research institute of national and international reference. This company evaluates more than 200 environmental and operational factors to certify body shops with a 'sustainable seal'. In Malaysia we have partnered with Car Medic[1] which disposes of scrap vehicles in ways that minimize pollution risks. Part of Car Medic's end-of-life vehicle treatment includes 'depollution', the safe removal of fluids and other scheduled waste (engine, filter and transmission oils, coolant, etc), preventing fuel, spare part oil and other chemical contamination. This exercise helps to prevent harmful fluids arising from the salvage and dismantling of a vehicle being left behind to contaminate the environment. This arrangement supports local businesses, enables more sustainable practices, and raises awareness of sustainable measures that can be put in place, such as reducing water consumption, safe handling of waste and the use of green parts.

Educating our customers and brokers and training our people on sustainable practices remains equally important, as we continue to recognize that we all have a part to play. In 2024, our claims team in the UK in collaboration with ZRS, delivered events to over 400+ customers addressing ESG topics such as climate resilience and forever chemicals, including Per-and Polyfluoroalkyl Substances (PFAS).[2] In May 2024, our team in Mexico held a broader session for 45 of their brokers and agents on our claims proposition, which included sharing insights on sustainability within claims and the impact of climate change. Similar educational sessions have taken place in Australia, and more recently sustainability has been explored through a regulatory and legal lens with our brokers in France with support from our claims legal panel.

We continue to collaborate with some of our largest global claims partners to understand the energy efficiency associated with a repair, replacement or reinstatement option. We expect these types of practices and solutions to continue evolving, supporting our ability to offer more informed choices to our customers and improved claims sustainability insight.

4.4 Digital confidence & trust

One of our goals is to make people and organizations more **resilient** by fostering confidence in a digital society. We are determined to be transparent about data management and our data privacy policy, as this is a critical factor for **customer trust.**

In 2024, we further strengthened our global data privacy platform and continued developing our artificial intelligence (AI) solutions, including generative AI, as well as our AI Assessment Framework.

We frequently educate our employees and senior management on our **data privacy policy and our data commitment**. Our annual data privacy training was assigned to all employees[3] in 2024, with a global completion rate of 99.9 percent. The completion rate was above 99.6 percent in all regions. The training highlights the importance of observing privacy rights and using personal data in a legal and transparent manner. The 2024 data privacy e-learning for all employees included additional content for employees in Underwriting, Claims and HR to provide more function-specific content.

In addition, our annual **information security awareness** training encompassing a broad spectrum of information security topics and behaviors relevant to all employees[4] reached a completion rate of 99.8 percent. This annual education is supported throughout the year with smaller, supplemental offerings in the form of tip sheets, bite-sized learning campaigns, live events with subject matter experts, and more. Topics include working remotely and securely, creating robust passwords, social engineering, and the many forms of phishing. Employees learn to identify and report phishing attempts and gain insights into how cybercriminals use new technologies, for example, AI and what measures they can take to protect both company and personal data. Information security awareness training is reviewed and updated annually to remain on top of the latest developments with cyber threats, and aligned with our policies and controls.

4.4.1 Data and Responsible AI Commitment

In July 2024, in order to reflect the increased maturity and relevance of AI for our business operations, including the importance of Responsible AI (RAI) to our company and culture as well as meeting our customers' evolving expectations, we relaunched and expanded our Data Commitment from 2019 to Data and Responsible AI Commitment.[5]

Privacy Framework and Tool

In 2024, we continued the implementation of the global data privacy platform, enabling consistency and standardization of the privacy management processes. This central platform enables the execution of comprehensive data privacy impact assessments, as well as compliance and the mitigation of risks, including the maintenance of the records

1 https://carmedic.com.my/about-us/
2 PFAS are widely used, long-lasting chemicals, components of which break down very slowly over time.
3 Excludes employees on a long-term leave during the training window, new joiners who joined after the cut-off date for the annual training assignment, and employees who left the company before the assignment due date, as well as Farmers Group, Inc. and its subsidiaries.
4 Excludes employees on a long-term leave during the training window, new joiners who joined after the cutoff date for the annual training assignment, and employees who left the company before the assignment due date, as well as Orion.
5 www.zurich.com/sustainability/governance-and-positions/data-privacy-and-protection

processing activities. In addition, it includes the inventory and evaluation of risks associated with AI solutions and the management of data incidents. Consequently, our global data incident management framework has been enhanced to handle privacy incidents swiftly and more effectively for the data entrusted to us by our customers, while adhering to regulatory requirements.

The worldwide implementation of this process ensures that all countries utilize a unified tool for reporting data incidents, significantly improving our capacity to comprehend the impact and scope of incidents, particularly those involving third parties at an earlier stage.

Training and awareness

In 2024, we further enhanced training and awareness activities tailored to our employees based on their exposure to the data privacy risk. Our annual data privacy conference, complemented with targeted training and awareness sessions for key personnel, promotes a consistent understanding of various data privacy and responsible AI-related topics and emerging trends across our business. This conference brings together experts and internal cross-functional teams to explore the latest developments in data privacy through key notes speeches, presentations, workshops and panel discussions.

In addition, our information governance and data compliance networks offer a continuous forum for sharing experiences, discussing case studies, and developing collaborative solutions. Network calls take place every quarter covering relevant internal and external updates, such as the rollout of internal frameworks and the implementation of business-led projects and tools.

To provide the information governance and data compliance networks with the best practices, a Data Privacy and Records Management Guidance has been issued. This comprehensive document is shared with the local information governance and data privacy teams to foster a common understanding among our experts.

Our ambition is to harness the transformative power of AI in a safe and responsible way to drive growth, enhance operational efficiency, and deliver exceptional value to our customers.

We believe that AI enhances our customers' journey by providing better services and experiences. Our approach to a safe, responsible and customer-centric use of AI technologies is based on the following guiding principles:

- Safety: Our use of AI is governed by our risk management framework including data privacy and protection, and taking into consideration industry best practices. We operate AI models and their data in safe and protected environments.
- Transparency: We disclose to our customers when they are interacting with AI, with clear labels or disclaimers, and can explain AI outcomes.
- Accountability: In line with our Code of Conduct, we are committed to acting with integrity and doing the right thing, including appropriate Customer Facing Conduct and responsible use of AI.
- Reliability: Our use of AI is subject to human oversight that identifies and mitigates potential risks, including the prevention of harmful biases.

During 2024, we embedded and further refined our internal AI governance tools and processes, as set out in our AI Assessment Framework (AIAF). Our AIAF is closely aligned with the Organisation for Economic Co-operation and Development (OECD) AI principles[1] and supports our global organization to assess the usage of AI and to mitigate related risks accordingly, in line with our Responsible AI Commitment.

Besides our customer Data and Responsible AI Commitment, we are focused on providing our workforce with the technical skills needed to be fit for the future. Globally 7,421 employees have undertaken our Digital Mastery Program at various levels to enhance their understanding of Digital, Data and AI. In addition over 11,700 employees have completed the Zurich Customer Empathy program created to help our customer facing employees master the different empathy attributes, recognize different personality types and communication styles, and effectively apply these skills in daily work to enhance empathetic communication.

While technological advances in AI continued to grow throughout 2024, we further expanded our portfolio of around 200 AI use cases and strengthened our ability to leverage Generative AI (GenAI) to solve business problems and unlock the significant amount and value of unstructured data that we own as an insurer. One example of a GenAI use case is an internally developed tool (ProgramIQ) that helps the underwriter proof check local policy wordings have been drafted correctly and are consistent across countries. It does this by extracting the coverages from each policy and showing them side by side in a common language and currency. With that it strengthens underwriting governance, improves efficiency, and provides greater contract certainty for our customers.

For all usage of GenAI, we have been running pilots and proof of value assessments globally to develop the use cases and provide training and guidance dedicated to the safe and responsible use of this technology. We aim for adoption of

1 https://oecd.ai/en/ai-principles

AI / GenAI in our core businesses, and to use and reuse the technology to augment improvement in productivity, operational efficiency and enable the delivery of the best outcome for our customers.

Our GenAI solutions are managed through a group-wide platform, that includes a focus on customer data privacy in the design as well as embedding key components of RAI and cybersecurity. Through this platform we can understand and measure the energy consumption of GenAI models, including projections of consumption patterns and the proposition of alternative, equally suitable models, helping to foster a sustainable use of this technology.

Management of AI risk is also being embedded in our third-party governance and our model risk frameworks, thus providing for a multi-stakeholder oversight. Our AI inventory serves as a key asset in enabling global visibility of the solutions we are developing and deploying across the organization. In combination with other key components of our AIAF, we are well positioned to continue to generate business value through enabling safe and compliant RAI innovation.

4.4.2 Cybersecurity

Over the last decade, cybercriminals have progressed beyond simple phishing scams and basic malware to increasingly more sophisticated tactics. The proliferation of advanced persistent threats, ransomware attacks, and data breaches continues to elevate both the risk and magnitude of financial loss, reputational damage, and regulatory fines. Additionally, nation-state-backed cyberespionage has become a significant concern, with adversaries seeking to steal intellectual property, disrupt critical infrastructure, or undermine national security. The increasing frequency and severity of these attacks continues to highlight the need for organizations to invest in robust cybersecurity countermeasures to protect entrusted customer data, corporate reputation and other valuable assets.

Organizations such as ours that handle large amounts of sensitive data, are targets for cybercriminals seeking financial gain or to disrupt critical services. The increasing sophistication of attacks, coupled with the growing complexity of IT environments and their associated supply chains necessitate more institutional governance that includes proactive threat detection, automated prevention, incident response plans, and ongoing employee training to mitigate these risks.

Cyber resilience remains a core focus for us, with key initiatives and continuous improvement efforts encompassing the following:

Focus on assessing and enhancing cyber maturity and measurements

With objectively measured year-over-year improvement against comprehensive and industry-leading frameworks, our pursuit of the U.S. National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF) maturity benchmarks offers a comprehensive, standardized, and risk-based approach toward cybersecurity that we believe to be essential for global financial services companies. By adopting NIST CSF principles, we have strengthened our defenses, protected our customers' data, and maintained our reputation in the face of evolving cyberthreats. We are also dedicated to maintaining the highest security standards as evidenced by our peer-group leading CSF maturity rating.

Modernize security platforms while simplifying respective operations

The shift from siloed data center hosted workloads to public cloud IT services has resulted in the emergence of new solutions such as endpoint and network detection and response to mitigate cyber risk at scale with both speed and agility unlike what was available previously. Where appropriate, a shift toward cloud-centric security solutions that are geared to both legacy and traditional as well as cloud-native workloads represents an optimal pathway to efficiently balance the risk mitigations of today with the information technology needs of tomorrow.

Maintain attentiveness toward basic cyber hygiene

Basic cyber hygiene refers to the fundamental practices and habits that individuals and organizations can adopt to protect themselves from cyberthreats. Methodical attention to organizational policies, procedures, and their respective technical control via automated guardrails helps to enhance our environments' resilience to commodity threats and helps to be compliant with widely accepted standards and best practices.

Routinely practice response and recovery for infrequent yet impactful events

Cyber resilience means that in the event of a cyber disruption, critical business operations can ideally sustain, or otherwise be restored with minimal service interruption. Preparations and advancements in this space were noted as part of our coordinated reaction, response and recovery during this year's unprecedented CrowdStrike operational incident that impacted millions of Windows devices worldwide. While not a traditional cyber event caused by malicious intent, many of the same principles around IT integrity and availability were demonstrated in our rapid recovery, such as assembling the Crisis Management Team and communicating with key stakeholders both locally and globally, directly supporting the prioritization of recovery efforts, which successfully mitigated any material operational losses stemming from the event.

As the cyberthreat landscape becomes increasingly complex, we remain committed to maintaining a proactive and adaptive stance. By leveraging our state of the art Cyber Fusion Center, with 24/7/365 monitoring capabilities, employing cutting-edge technologies, automating critical processes and adhering to industry-leading security standards, we are dedicated to fortifying our cyber defense, response, and recovery capabilities. Our goal is to not only detect and mitigate threats promptly but also to build a resilient infrastructure that can withstand the evolving challenges of the digital age.

4.4.3 Business resilience

In the first quarter of 2024, we concentrated on refining the scope of countries and our business resilience programs, by focusing on only those most critical business processes subject to resilience measures, allowing us to further build resilience in those critical processes. This was implemented by an enhanced business resilience scoping and impact assessment, enabling us to identify critical business processes that require recovery capabilities in an aligned and consistent way. Countries and Group functions conducted an impact assessment using an enhanced rating scale across the financial, reputational and customer impact categories. The reputational and customer impact category rating scale was provided centrally to the countries, whereas the financial impact category rating is determined by the countries or Group function as a direct financial loss figure that represents the maximum amount they are willing to accept as a result of operational disruption to determine rating scale. This provides us with a relative local view of criticality and equally a comparable view at a Group level. Alongside financial and reputation parameters, the impact on our customers is a key metric used to identify the refined scope for resilience activities.

This was combined with increased effective use of the global digital platform by our countries and Group functions to complete their Business Impact Analysis (BIA) and Business Continuity Planning (BCPs) for critical business processes. Greater transparency has been achieved with the global implementation of the platform and regional level governance reviews are an effective way to understand gaps and areas of improvements in the business continuity planning across the organization.

We are continually enhancing our response and recovery capabilities through regular testing and scenario-based exercises conducted at different levels of the organization. In the third quarter of 2024, the Group Crisis Management Team (CMT), including members of our ExCo, conducted a scenario-based exercise. The exercise provided the Group CMT with the opportunity to test the decision-making process in relation to a crisis event, rehearse the response to internal and external communications and test the effectiveness of our strategic management on events impacting the organization's ability to service and protect customers. The 2024 exercise highlighted the importance of having resilience solutions in place to minimize disruption to our customers through continuity planning in our operations and trained and exercised incident response teams to manage and minimize the impacts of potential incidents. The exercise highlights the importance of the business resilience framework and observations are fed into the continual improvement cycle key initiatives for 2025.

5. People

We're actively supporting the long-term employability of our people, while addressing customer and societal needs.

For us being a responsible and impactful business is more than a story we tell. It's a principle that informs every action we take. It's who we are.

When our people are at their best, we excel in delivering exceptional experiences to our customers and business partners, while also positively contributing to society. We provide employees with a range of opportunities to grow and develop their skills to remain up to date, so they can be employable for the long term.

We are optimistic, caring and reliable. With forward thinking, results-orientation and a sense of togetherness, we bring our purpose to life to create a brighter future together. Our distinct culture, guided by our values, and our positive work environment that supports our people to thrive and deliver on our strategy.

"Our people are at the core of what we stand for. By supporting their long-term employability, continuous upskilling and reskilling as well as a culture of inclusivity and resilience, we engage our people and empower them to thrive, thereby driving sustainable growth and strength for our business and society."

Jolanda Grob
Group Chief People Officer



5.1 Our people
5.2 Prevention of bribery & corruption
5.3 Human rights
5.4 Sustainable sourcing
5.5 Responsible tax
5.6 Community investment

5.1 Our people

As a global employer and provider of protection solutions to millions of people, we also focus on the sustainability of our employees. **Our people are at the core of our business**: they are the driving force behind our business success and bring our commitments to life. Our industry requires expertise, adaptability, empathy and innovation to deliver exceptional customer experiences and sustained business results. The engagement and skills of our people are pivotal in understanding and meeting our customers' needs, and we rely on their knowledge, creativity and commitment to deliver on our strategic priorities.

Aspiring to sustainable people practices is the essence of our people vision, and this aspiration is embedded into our Sustainability Framework. We support the development of our people's skills and careers so they remain employable, now and in the future, enabling the continued success of our business. We also sustain a distinct culture and a positive work environment that attracts, engages and retains our people. We value and respect our people's contribution and care for each other, supporting them to thrive.

In 2024, we progressed on the most material topics in relation to our own workforce:[1]

- Training and skills development: We continuously **enhance the quality, relevance and variety of our training and skills development** approach for our people, thereby increasing the levels of expertise, efficiency and productivity across the organization.
- Diversity, equity, inclusion and belonging: We strive to sustain a work environment in which **our voices and perspectives are diverse, our behaviors are inclusive, our actions drive equity and our people feel a strong sense of belonging**, so they can be at their best and help drive the company's performance, now and in the future.
- Inclusive representation: We support an **inclusive workforce** where all individuals, and their diverse perspectives, are valued and respected. We invest in the development of our people, and foster an environment where everyone has

1 For more information, see section 1.1.2 Assessing materiality on pages 124 to 125.

the opportunity to thrive and succeed throughout their career. This commitment strengthens our ability to serve our customers, enhances our business resilience, and drives superior performance.

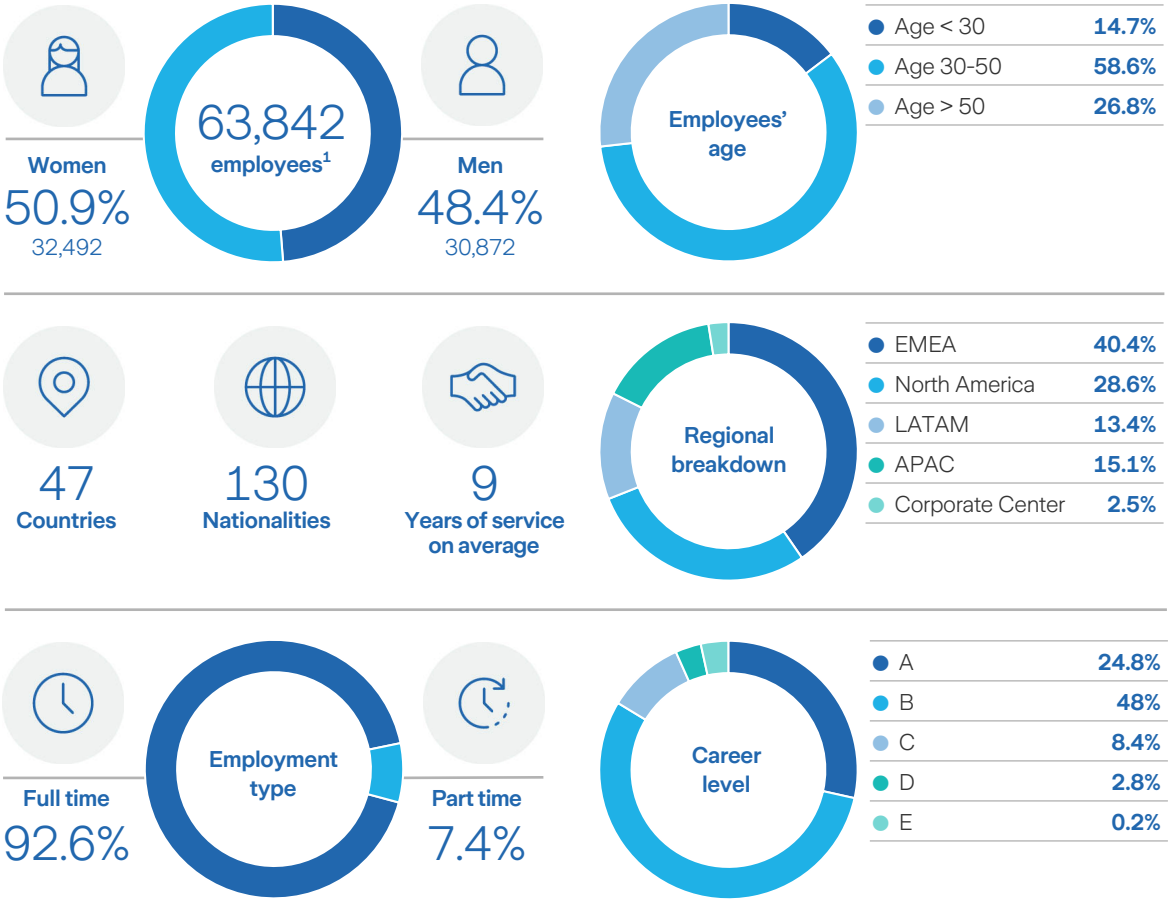
– Work flexibility: We are dedicated to support our **employees to thrive** by promoting flexible working. We rely on our Group-wide FlexWork@Zurich principles and encourage our employees to work in a way that achieves optimal results and fosters innovation and collaboration to respond to changing customer needs, while helping to maintain a healthy work-life balance.

Our commitment to a sustainable future depends on our ability to maintain the required balance between focusing on internal hiring and offering development opportunities to our existing workforce, and attracting specific skills and workforce segments from the external world. We annually assess our human capital risks via our Total Risk Profiling™ methodology, which supports business management across the Group in the identification, assessment and management of risks that the entity or activity under assessment faces. We engage in annual people risk assessment and quarterly follow-up on actions identified to mitigate the risks and deliver on our business growth plans at the required pace.

WORLD ECONOMIC FORUM S

In 2024, our headcount increased to 63,842 employees (4.5 percent increase compared to 61,067 in 2023, as a result of inorganic growth). 94.5 percent of the workforce has permanent contracts and 5.5 percent has temporary contracts.

Figure 33
Our workforce



1 Calculated as of December 31, 2024, on an headcount basis of 63,842 employees only (equivalent of 62,393 FTE (Full Time Equivalent) as part of own workforce; total numbers include 0.7 percent 'undisclosed gender', that is, employees with no declared gender).

Our internal grading system defines the following progression by career level:

– **Career level A** comprises all entry level and low specialization roles.
– **Career level B** includes frontline managers and technical staff.
– **Career level C** includes middle managers and highly specialized technical staff.
– **Career level D** comprises senior executives and senior experts.
– **Career level E** incorporates the most senior roles such as country CEOs and other senior business leaders.

Senior management comprises career levels D and E together. **Middle management** refers to career level C.

5.1.1 Careers and work

Throughout 2024, we continued to successfully develop and retain employees with key skills and capabilities, in line with changes in the world of work and evolving customer expectations. Our programs, processes and initiatives remained available to all eligible employees, independent of their form of employment (e.g., full-time or part-time, permanent or temporary).

Approach

We continuously **enhance the quality, relevance and variety of our training and skills development** approach for our people, thereby increasing the levels of expertise, efficiency and productivity across the organization.

Actions

We attract the right talents and skills as we continue to be an employer of choice to grow careers. We continue to place significant emphasis on supporting our apprenticeship, trainee and internship programs globally, offering opportunities for people at any stage of their careers. As part of our commitment, we employ more than 1,600 apprentices, trainees and interns a year with particularly strong programs in Switzerland, the UK and North America. We also partner with the Global Alliance for Youth to strengthen the employability of youth through workplace-based learning. In 2024, 14.7 percent of our workforce and 34.8 percent of our new hires were aged 30 or younger.

Table 20
New hires

	Career level (%)[1]							
	A	B	C	D	E	Senior management	Total % 2024	Total # 2024
Dimension								
Region								
APAC	19.3	15	21.5	22	0	20	18.9	1,970
EMEA	35.4	26.7	29.6	31	30	30.9	32.7	3,422
LATAM	19.7	15.7	14.2	7	0	6.4	23.3	2,434
North America	24.3	41.1	29.2	28	40	29.1	23.6	2,464
Corporate Center	1.3	1.5	5.5	12	30	13.6	1.5	159
Gender								
Female	56.5	52.5	39.8	30	10	28.2	51.3	5,359
Male	43	46.6	58.8	61	90	63.6	46.8	4,886
Undisclosed gender[2]	0.5	0.9	1.5	9	0	8.2	2	204
Age Group								
Age < 30	60	21.8	1.8	0	0	0	34.8	3,638
Age 30-50	35	67.2	79.6	76	50	73.6	51.9	5,419
Age > 50	5	11	18.6	24	50	26.4	13.3	1,392
Employment Type								
Full-time	91.4	96.5	97.1	95	100	95.5	94.3	9,849
Part-time	8.6	3.5	2.9	5	0	4.5	5.7	600
Nationality								
National	60.3	46.7	50.4	45	20	42.7	62.7	6,555
Non-national	6.9	8	14.6	20	40	21.8	8.1	845
Undisclosed nationality[3]	32.8	45.4	35	35	40	35.5	29.2	3,049
Total (% 2024)	**32.9**	**32.9**	**2.6**	**1**	**0.1**	**1.1**	**100**	**N/A**
Total (# 2024)	**3,434**	**3,433**	**274**	**100**	**10**	**110**	**N/A**	**10,449**

1 Excludes 'unranked' employees who are not assigned to any career level, comprising employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data), Zurich Kotak (due to recent acquisition), Orion, sales force teams (due to their higher volatility), and individual cases with late job assignments on year end hires. The total includes all new hires, including 'unranked'. In 2024, 29.4 percent of new hires are 'unranked'.
2 'Undisclosed gender' refers to employees with no declared gender.
3 'Undisclosed nationality' refers to employees for whom we do not hold nationality/citizenship information, mostly from North America.

We listen to our people regularly and focus our actions on what drives their engagement. Our annual Zurich Experience Survey (ZES)[1] had an excellent 85 percent response rate in 2024 (up 3 percentage points versus ZES 2023). We have been reassured that our employees' perception of personal and professional development, as well as career opportunities not only performs above our industry peers, and at or above high performing organizations, but also continues to drive the engagement of our people. Our engagement score was 1 percentage point better than that of high performing companies and 4 percentage points better than other global finance and insurance peers working with the same provider.[2]

1 The annual ZES was administered in May 2024 across the Group, excluding Farmers Group, Inc., Cover-More, Zurich Kotak and Orion. In 2023, we enhanced our continuous listening approach and rolled out a new, annual engagement survey, the ZES, along with other employee lifecycle surveys, wellbeing measures and pulse surveys. This allows us to collect richer insights about employees' perceptions of their work experience at Zurich, as well as better understand their levels and drivers of engagement.
2 All benchmarks are from our external provider's client companies.

We prioritize internal over external hires, whenever possible. By promoting accelerated internal mobility among our people, we support their professional and personal development, upskilling, reskilling (e.g., GTO Reskilling Program)[1] and career diversification. About two-thirds of our internal mobility represents vertical moves, and our promotions continue to reflect a balanced gender split; 57.5 percent of all promotions were females (compared to 50 percent in 2023). The remaining third is a combination of horizontal mobility (58.9 percent opportunities taken up by females), international mobility (38.5 percent females), and other forms of internal mobility such as rehires (that is, all newly contracted employees who were former Zurich employees prior to re-joining, 57 percent females), changes in employment contract from temporary to permanent (56.8 percent females).

We continue to build out our leadership pipeline to support career growth through vertical, lateral or international moves. Our managerial and leadership development approach is clustered around four key areas:

1. Leadership development designed and delivered in our countries.
2. Identification and development of emerging future leaders across the Group.
3. Talent development in core areas.
4. Executive development and succession planning.

In 2024, our internal hiring rate for senior management was 72.2 percent, a decrease compared to 84.3 percent in 2023. External hires enhance our critical skill supply, and also represent an opportunity to increase the diversity of backgrounds and perspectives of our workforce globally. Overall, our approach contributes to our people remaining employable, now and in the future, irrespective of their seniority, gender, age, or any other personal characteristics.

Table 21
Internal hires[1, 2]

	Career level (%)							
	A	B	C	D	E	Senior management	Total % 2024 – Independent of career level	Total % 2023 – Independent of career level
Dimension								
Gender								
Female	100	68.8	80.4	80	66.7	79.7	75	76.2
Male	100	63.5	79.5	72.4	43.8	70.1	70.2	70.8
Undisclosed gender[3]	100	54.8	42.9	–	–	–	52.9	100
Age Group								
Age < 30	100	62.9	74.3	100	–	100	73.7	72.1
Age 30-50	100	66.2	79.5	72.1	14.3	70.5	71.4	71.6
Age > 50	100	73.8	80.9	78	66.7	76.6	78.1	82.2
Total Internal Hiring (% 2024)	**100**	**66.4**	**79.6**	**73.7**	**47.4**	**72.2**	**72.8**	**73.4**

1 Internal hiring rate is the proportion of internal mobility in comparison to the aggregated sum of internal mobility and external hiring. It is calculated by dividing the total number of internal mobility (reflected by horizontal, vertical or international moves, re-hiring of former Zurich employees, or changing employment contract types from temporary to permanent contracts) by the aggregated total of internal mobility plus external hiring. The internal hiring rate of career level A excludes external hires, as these positions are, by nature, mainly filled by external career starters, meaning the internal hiring rate of career level A is always 100 percent. The total % for 2024 (independent of career level) is also calculated without taking career level A external hires into account.
2 Excludes 'unranked' employees who are not assigned to any career level (15.8 percent of our workforce), comprising employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.3 percent of our workforce), Zurich Kotak (due to recent acquisition, 2.8 percent of our workforce), Orion (0.3 percent of our workforce), and sales force teams (due to their higher volatility, 2.6 percent of our workforce).
3 'Undisclosed gender' refers to employees with no declared gender.

We offer varied opportunities to our people for professional and personal development, as well as career advancement. While we know that most impactful learning occurs on the job (e.g., via feedback, internal mobility, secondments, part-time assignments), we also invest in coaching, mentoring and formal learning, including accredited education and support for degree programs and certifications with the partnering institutions. The insights we collect via the Performance and Development Cycle (PDC)[2] inform the strategic training needs and focus area across the Group on specific development and upskilling. In addition, our internal career development tool, MyJourney, offers insights into our strategic skills needs as we compare the skills our employees possess with the skills we need to be successful today and tomorrow.

Our global learning platform, MyDevelopment, offers more than 32,000 courses, including the full library of LinkedIn Learning. Through technical academies we aim to build capabilities that are core to our business. In 2024, we further enhanced our Customer and Commercial Insurance Academies,[3] and strengthened our Digital Academy with custom content relating to AI, data and automation. We also launched the Zurich Sustainability Academy, our one-stop shop for building the foundational knowledge on what sustainability means for us and for the insurance sector.

1 For more information on our GTO Reskilling Program, please visit our website: www.zurich.com/sustainability/highlights
2 The PDC is a clearly defined approach that annually guides all employees through goal setting, regular career and progress conversations, and a year-end review. At the end of 2024, 57,625 employees managed this process through our supporting system, MyPDC (6,217 employees were out of scope from Cover-More, Zurich Kotak, Chile sales force, Orion, some entities in Germany, Austria and others, 9.5 percent of our workforce). By the end of 2024, out of 52,625 employees eligible to conduct their year-end performance review in MyPDC, 91.3 percent completed the review. Our PDC approach captures the entire annual process in MyPDC in a single form, with separate sections for goal setting, career development review (incl. drafting of individual development and training plans), progress conversations and year-end performance review.
3 In 2024, our Commercial Insurance and Customer Office Academies received eight gold, one silver, and one bronze Brandon Hall Group Excellence Awards to recognize the exceptional training programs that promote learning and development opportunities across our organization. See more: https://excellenceawards.brandonhall.com/winners/

The "Sustainability and Insurance Fundamentals" course in 2024 was taken by 722 employees. The additional intermediate level learning modules aimed for our global sustainability practitioners cover themes such as Sustainability Risks, Impacts & Opportunities, Decarbonization, and topics linked to Building a More Resilient Society.

Table 22
Average learning hours[1, 2]

	Career level[3]						
	A	B	C	D	E	Senior management	Total average # 2024
Dimension							
Gender							
Female	20.1	19.1	19.3	16.4	8.6	16	19.5
Male	21.1	16.2	17	11.3	7.3	11.1	18.2
Undisclosed gender[4]	21.9	20.5	22.5	11.6	0	11.6	20.7
Age Group							
Age < 30	23.5	15.7	16.4	0.4	0	0.4	22.2
Age 30-50	19.6	18.1	18.4	12.5	7.7	12.4	18.7
Age > 50	14	15	15.8	12.5	7.2	12.1	15.2
Total average # 2024	**20.5**	**17.6**	**17.9**	**12.9**	**7.6**	**12.6**	**18.9**

1 Hours tracked on our global learning platforms (i.e., physical, digital as well as mandatory and voluntary training sessions).
2 Reporting on average learning hours excludes Farmers Group, Inc., Cover-More and Zurich Kotak (due to recent acquisition, 2.8 percent of our workforce). The average learning hours per person in Farmers Group, Inc. is 36.1 hours.
3 Excludes 'unranked' employees who are not assigned to any career level (15.8 percent of our workforce), comprising employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.3 percent of our workforce), Zurich Kotak (due to recent acquisition, 2.8 percent of our workforce), Orion (0.3 percent of our workforce), and sales force teams (due to their higher volatility, 2.6 percent of our workforce). The total includes all employees, including 'unranked'.
4 'Undisclosed gender' refers to employees with no declared gender.

In 2024, our employees dedicated over 1.1 million hours to online learning, as in 2023.[1] This translates to an average of 18.9 hours per employee, a decrease from 20.2 hours in 2023 due to the increased number of employees. This is primarily due to the shorter length of available learning content; the individual learning consumption (i.e., the number of courses started or completed) per employee increased since 2023. Our learners' Net Promoter Score for all our courses is 42 for 2024, 4 points higher than in 2023.

Our learning approach not only embraces formal learning but increasingly shifts toward applied learning experiences that are crucial for professional growth and development. These include:

- **Learning through collaboration**: We have a number of platforms that facilitate communication and collaboration. These include leveraging our AI assistants, such as ZuriChat, Microsoft Copilot and others where employees can ask questions, solve problems and share knowledge in novel ways.
- **Peer learning and mentoring**: Interactions with colleagues and mentors provide rich and meaningful opportunities for informal learning, which can be more contextually relevant than formal training.
- **On-the-job learning**: Provides engaging learning moments for our employees, applying theoretical knowledge and frameworks to real-world situations. For instance, communities of practice allows an exchange of knowledge on specific expertise, or our My70Percent initiative which encourages employees to consider exploring on-the-job assignments outside of their everyday role.
- **Job shadowing**: Observing experienced colleagues in their roles also allows employees to acquire new skills. For instance, the UK's Zurich Ride the Rails initiative encourages employees to shadow colleagues in different functions to learn more about the business and develop cross-functional relationships.

In 2024, we spent more than USD 41 million on learning (compared to USD 39 million in 2023), an average of USD 644 per employee, as in 2023.

We continue to retain talent and skills, measured by both our people's intention to stay working for us as well as actual turnover rates. Employees' willingness to recommend Zurich as a great place to work, as measured in the ZES 2024, is 5 percentage points better than those in high performing companies and 8 percentage points better than other global finance and insurance peers, as is their intention to stay working for us (3 percentage points better and 5 percentage points better, respectively). Total employee turnover decreased to 12.9 percent compared to 14.3 percent in 2023. Over the years, we observed minimal variance in the entry and exit patterns based on gender. In 2024, 52.8 percent of the individuals voluntarily or involuntarily departing our organization were female (compared to 53.6 percent in 2023).

Our employees under 30 years of age continue to have a higher voluntary turnover rate compared to other age groups, in line with external market trends. As we remain focused on getting insights from various sources, our aim is to continuously improve and remain an attractive employer for all who look to start and develop careers, not just in core technical insurance roles.

1 Reporting on learning hours excludes Farmers Group, Inc., Cover-More, Zurich Kotak and Orion.

Table 23
Turnover[1]

	Career level (%)[2]								Total
	A	B	C	D	E	Senior management	Voluntary turnover (%)	Involuntary turnover (%)	turnover (%) 2024
Dimension									
Region									
APAC	14.5	12.1	10.2	8.7	0	9	10.2	2.6	12.8
EMEA	11.9	8.8	8	10.6	20	10.9	5	4.5	9.5
LATAM	15.1	16.3	10.2	10.1	0	9.5	7.4	7.8	15.2
North America	20.5	17.1	12.5	11.7	7.5	11.5	8.5	8.4	16.9
Corporate Center	3.4	6.7	9.9	9.8	6.7	9.5	3.2	5	8.2
Gender									
Female	14.2	14.1	9.9	7.8	11.1	7.9	7.4	5.9	13.2
Male	16.3	12.2	10.6	11.7	8.7	11.5	6.5	5.9	12.4
Undisclosed gender[3]	28.2	20	0	10	0	10	13.1	8	21.2
Age group									
Age <30	17.6	19.1	12.3	66.7	0	66.7	12.7	5.1	17.8
Age 30-50	14.1	12.6	8.9	8.5	0	8.2	7.4	4.7	12.1
Age >50	13.9	12.4	13.1	12.7	13	12.7	3.2	8.9	12.1
Employment type									
Full-time	14.4	13	10	10.3	9.5	10.3	7	5.6	12.6
Part-time	22.8	17.7	16.5	13.7	0	13.2	7.3	9.7	17
Nationality									
National	12.3	10.2	8.6	10.6	9.2	10.6	5.8	4.6	10.5
Non-national	12.8	10.9	9.2	7.9	10.3	8.2	6.3	4.9	11.2
Undisclosed nationality[4]	22	17.2	12.5	12.2	7.5	11.9	9.1	8.3	17.4
Total (% 2024)	**15**	**13.2**	**10.3**	**10.4**	**9.3**	**10.4**	**7**	**5.9**	**12.9**

1 Total turnover is calculated as the sum of number of voluntary leavers and the number of involuntary leavers, divided by the average headcount of the selected year. Voluntary turnover refers to employees deciding to leave the company, e.g., for personal reasons. Involuntary turnover refers to cases where the decision to leave is not entirely made by the employee, e.g., retirement and mutual agreement. Reporting excludes temporary employees and interns.
2 Excludes 'unranked' employees who are not assigned to any career level (15.8 percent of our workforce), comprising employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.3 percent of our workforce), Zurich Kotak (due to recent acquisition, 2.8 percent of our workforce), Orion (0.3 percent of our workforce), and sales force teams (due to their higher volatility, 2.6 percent of our workforce). The total includes all employees, including 'unranked'.
3 'Undisclosed gender' refers to employees with no declared gender.
4 'Undisclosed nationality' refers to employees for whom we do not hold nationality/citizenship information, mostly from North America.

Case study

Zurich Italy's digital skills revolution

To tackle the challenges of an aging workforce and to bridge the skills gap between unemployed young people and the digital needs of businesses, Zurich Italy founded the Generation program, now in its third year.

The offering is simple: Young adults aged 19-29 attend a completely free 18-week intensive training program with Zurich, with the opportunity to join Zurich as an intern for an initial six months at the end.

So far the program has been a huge success. 95 percent of first year students are still working full time with Zurich today, as we need digitally savvy employees. Their highly sharpened digital skills, along with additional softer skills learned on the program, position them to provide constructive feedback on how to streamline and improve digital and data-based business processes and ways of working.

It's a win-win. This program benefits not only Zurich but also local communities, where young people may have the capability and desire but lack the opportunity to access such professional opportunities. It is opening the doors to a broader pool of talents and redefining the future of work at Zurich.

5.1.2 Diversity, equity, inclusion and belonging

We value diverse perspectives, aim to foster a sense of belonging and always look to uphold fairness. We encourage open communication and collaboration by creating a connected community where collective ideas flourish. Guided by our Board of Directors,[1] and in compliance with all applicable laws and regulations, we strive to integrate diversity, equity,

1 The Governance, Nominations and Sustainability Committee assists the Board in setting an appropriate tone at the top to promote key values and behaviors, and to ensure a sound and open culture.

inclusion and belonging (DEIB)[1] in all countries in which we operate by taking targeted actions and assuming leadership accountability to increase and benefit from diversity within the workforce, to offer equal opportunities and to foster inclusion and belonging.

Approach

We strive to sustain a work environment in which **our voices and perspectives are diverse, our behaviors are inclusive, our actions drive equity and our people feel a strong sense of belonging**. We support an **inclusive workforce**, where all individuals, and their diverse perspectives, are valued and respected. We invest in the development of our people, and foster an environment where everyone has the opportunity to thrive and succeed throughout their career. This commitment strengthens our ability to serve our customers, enhances our business resilience, and drives superior performance.

Actions

We maintain a distinct culture where people feel they belong. Our cultural differentiator, as measured in the ZES 2024, is our people's strong sense of belonging to our diverse, tolerant and inclusive company. Employees' sense of belonging is also the number one global driver of engagement. The vast majority of our employees believe that their teams have a climate where diverse perspectives are valued and they can be their authentic selves at work (1 resp. 2 percentage points better than those in high performing companies; 2 resp. 5 percentage points better than other global finance and insurance peers). In 2024, we ranked fourth among insurance companies in the Forbes World's Best Employers award,[2] and several of our countries continue to receive Top Employer, Great Place to Work, EDGE or other certifications and awards, validating employees' perception.

We value diversity, and we embrace individual perspectives, experiences, insights and ideas. We view diversity broadly to include gender, gender identity, sexual orientation, disability, ethnicity, race, as well as diversity of viewpoints, backgrounds, experiences and geography. We fully benefit from the differing skills and abilities of all of our people. We encourage exchange, raise awareness, strengthen respect and inclusion by supporting our employee resource groups (ERGs)[3] across the organization. Our ERGs provide thought-provoking and developmental programs throughout the year from which everyone can benefit. We encourage engagement in these groups in order to strengthen our community. In North America, for instance, one in three employees is a member of at least one ERG. Our Women's Innovation Network (WIN) is our biggest ERG with several thousand members across all continents.

We encourage representation of genders across the organization. At the end of 2024, 41.7 percent of our Board of Directors (compared to 50 percent in 2023), 50 percent of our Executive Committee (compared to 33.3 percent in 2023) and 50.9 percent of our employee population were female (compared to 52 percent in 2023). In addition, we monitor gender representation across multiple dimensions, including career levels and age groups. Our initiatives have helped drive improvements in gender representation since 2017, particularly in senior management. At the end of 2024, female employees represented 32.1 percent of senior management (compared to 30.3 percent in 2023), and we have seen progress across the Group in the external hiring, promotion and attrition of women in senior management. The share of females in senior management was at hiring 28.2 percent, internal hiring 44.7 percent (incl. promotions 45.2 percent) and voluntary leavers 34.7 percent.[4]

In addition, across the Group,[5] 43.3 percent of our people managers (compared to 42.5 percent in 2023) and 54.1 percent of our individual contributors were female (compared to 53.9 percent in 2023). We also have initiatives in place to develop women's science, technology, engineering, and mathematics (STEM) careers, with several senior IT appointments in 2024. At the end of 2024, 30.2 percent of our employees working in IT or engineering roles were female (compared to 33.3 percent in 2023).

Figure 34
Gender representation highlights



People in senior management		People managers		People in IT/STEM roles	
2024 Women	32.1%	2024 Women	43.3%	2024 Women	30.2%
2023 Women	30.3%	2023 Women	42.5%	2023 Women	33.3%
2024 Men	67.1%	2024 Men	56.5%	2024 Men	69.5%
2023 Men	69.4%	2023 Men	57.3%	2023 Men	66.6%

1 www.zurich.com/careers/deib
2 www.forbes.com/lists/worlds-best-employers/
3 Our Group-wide ERGs are: WIN (Women's Innovation Network), ZurichNEXT (promoting intergenerational dialogue), Pride@Zurich (alliance of LGBTQ+ employee networks) and YouMatter (supporting employee wellbeing). Countries have in addition several other local ERGs.
4 At the end of 2024, 44.7 percent of our succession plans across the entire workforce (excluding Cover-More and Orion) included female nominees.
5 Excludes Orion, as well as Zurich Kotak, due to recent acquisition.

We continue to support the development of female talents to accelerate their readiness for leadership positions. Most of our countries engage in programs and initiatives such as the Ellevate program in Switzerland.

Case study

Empowering women and transforming leadership at Zurich Switzerland

Zurich Switzerland's "Ellevate" program was developed to address the need for a robust female leadership succession pipeline in Switzerland, providing visibility, networking, and career advancement opportunities for women in the organization.

Launched in January 2024, the 24-month program is built on three core principles: leap, engage, and empower. Research found that while women are often over-mentored, they are under-sponsored, so the focus of "Leap" is to pair participants with sponsors who actively advocate for their career progression. Quarterly "Engage" events are intended to provide a platform for open discussions of critical issues, with the CEO and other senior leaders. Ellevate aims to "Empower" female talents by creating a supportive physical and virtual community where they can learn from and support each other.

Additionally, Ellevate integrates a "talent brokerage" system where development needs and aspirations are shared with the talent acquisition team and used as part of Zurich's internal-first approach to recruitment. Success is measured through subjective feedback, tracking career progress and identifying insights to address the unspoken barriers that women often face.

Ellevate is not just seen as a development initiative but a crucial step toward gender balance and organizational growth.

We value generational diversity in our workforce by supporting the employability of individuals at all stages of their careers and providing flexibility for smooth transitions to new opportunities. Our early-in-career programs are successful in recognizing internal talent and developing employees' skills for future needs of our organization via workshops, coaching sessions and experience-based project work. These prepare participants for leadership opportunities within the company. For our mature workers, several of our countries are piloting phased retirement and knowledge transfer programs.

Additionally we stand for all other aspects of diversity, including intersectionality, creating opportunities for all. Related to lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual and many others[1] (LGBTQ+), for instance, we have an active global employee resource group, and we have been recognized as a **Top Global Employer for the LGBTQ+ community** by Stonewall since 2018.

WORLD ECONOMIC FORUM S

We advocate for gender pay equality, fairness and pay transparency, and actively promote pay equity and equal opportunity in all countries where we operate. We regularly monitor our processes to ensure that we meet this commitment and our aspiration to a future with no gap. We already pay 100 percent of our workforce at or above local minimum wage. As part of the annual remuneration cycle, the majority of our businesses with 100 or more employees[2] perform an equal pay analysis in order to regularly measure the gender pay gap, and to ensure a continued focus on gender pay equity. This process has successfully generated engaged conversations across our organization, and our leaders are fully dedicated to promote pay equity across genders or any other demographic (which may apply locally). In 2024, we analyzed in depth the equal pay results, allowing us to set a **global gender pay equity target in 2025**.

We proactively respond to new requirements, as new legislation is being implemented related to pay equity and pay transparency.[3] We report on gender pay requirements in countries where we are legally required to do so, in accordance with local laws, regulations, related methodology and communication requirements. In 2024, we enhanced our tools and processes to improve our ability to monitor and measure pay equity across the Group, in alignment with local and regional pay transparency legislation. A new tool is being rolled out in two phases. Our EU countries impacted by the EU Pay Transparency Directive are part of the first phase of implementation in 2024. Other countries will be part of the second phase of implementation in 2025.

5.1.3 Wellbeing

The wellbeing of our employees reflects our ambition to be a sustainable employer. We support our employees' physical, mental, financial and social health through proactive guidance and resources. We continue to strengthen our credentials in this space by providing guidance and solutions to cultivate a work environment in which they can thrive. We have developed a global holistic wellbeing framework[4] that provides our people with tools and resources to stay healthy and empowered. We aim to support measures that allow employees to grow in all dimensions of wellbeing and be their best selves every day and everywhere.

1 Such as non-binary and pansexual.
2 Cover-More Argentina and Cover-More Australia will be onboarded in 2025; Zurich Kotak onboarding plans are under development.
3 To find out more about our "Equal Pay for Equivalent Work" analysis, see: www.zurich.com/en/careers/deib/equity
4 www.zurich.com/careers/wellbeing

Approach

We are dedicated to support our **employees to thrive** by promoting flexible working, as we know there is a strong link between flexibility, inclusion and productivity. We rely on our Group-wide FlexWork@Zurich principles and encourage our employees to work in a way that achieves optimal results and fosters innovation and collaboration to respond to changing customer needs, while helping to maintain a healthy work-life balance.

Actions

In the ZES 2024, the vast majority of our employees say Zurich cares about their health and wellbeing (4 percentage points better than those in high performing companies and 5 percentage points better than other global finance and insurance peers), and that they are able to balance their work and personal lives (on par with high performing companies and 3 percentage points better than other global finance and insurance peers).

Physical wellbeing

We recognize that individual lifestyles differ, every family is unique and balancing responsibilities is important to all of us. We continuously evolve our policies to better reconcile work and family life, for instance, by supporting greater flexibility in childcare and eldercare. Our FlexWork@Zurich principles serve as the basis of our commitment to fostering work-life balance and empowering our employees to optimize their productivity. Through these principles, we offer flexible working arrangements that accommodate individual lifestyles, e.g., flexible hours, hybrid working, purchase options for additional paid time off, unpaid leave support (two weeks up to six months), try out part-time on a "pilot" basis (for one to three months) or switching to part-time, adjusted availability, or job sharing roles. We also support healthy lifestyles through health-promotion activities and competitions via health centers and sports clubs, or sponsor sport events.[1]

Social wellbeing

We embrace a culture of dialogue and inclusion. Listening to employees and addressing concerns and needs is part of what we do, and our annual ZES gives us actionable feedback. Several of our countries engage in local programs designed to look after employees' social health such as supporting various employee resource groups, encouraging local cultural celebrations and team building activities, or organizing lunch & learn sessions about inclusive language or inclusive leadership.

Mental wellbeing

Our global mental wellbeing program is focused on comprehensive measures to prevent mental health problems, such as identification of risk factors in our operations, monitoring of mental health, awareness raising on risk factors and mental health issues, and some concrete prevention activities (e.g., stress management courses, adjustments to ways of working, return-to-work programs) are implemented. Access to our health app LiveWell is becoming part of our Employee Benefits packages provided to the employees of our commercial customers, as well as in some countries offering it to our employees.[2] Several of our countries have measures in place to care for employees when the need arises (e.g., mental health first aid, extensive mental aid), or implement solutions such as dependent care (e.g., on-site childcare, financial support, emergency care, holidays care, referral services) or offer options for special leave (maternity/paternity leave beyond legal requirements and/or elderly care leave) in line with local value proposition and legal requirements. To give back to society and the communities in which we live as well as to manage mental wellbeing in an impactful way, all our businesses actively encourage volunteering.[3]

Financial wellbeing

Our global total rewards framework ensures that all plans and programs align to a common set of guiding principles, the Zurich Remuneration Rules, while providing the flexibility to adapt to local market practices.[4] Through our expertise, we support the financial wellbeing of our people through financial education (e.g., budgeting, financial literacy), retirement planning, access to discount schemes, income protection solutions, and, in some markets, financial advisors.

5.2 Prevention of bribery & corruption

5.2.1 Group anti-bribery and anti-corruption policy

We invest in controls to prevent and detect, among other risks, any bribery or corruption. We have put in place strong and effective controls and we monitor financial, legal and regulatory developments to conduct business in an ethical and compliant manner.

We take a risk-based approach for the development and implementation of our Group Anti-Bribery and Anti-Corruption Framework (the Framework). The Framework is designed to prevent and detect acts of bribery and corruption. The Group Policy Anti-Bribery and Anti-Corruption (Group Policy ABC)[5] sets out the minimum requirements and obligations, with which our subsidiaries worldwide, including their board members[6] and employees, need to comply. It also provides related guidance regarding anti-bribery and anti-corruption compliance that our businesses should adopt.

1 For detailed health & safety KPIs, incl. number and rate of fatalities as a result of work-related injuries, see the 2024 WEF index table on our website: www.zurich.com/sustainability/strategy-and-reporting/reporting/sustainability-report
2 For more information on the LiveWell app, see section 4.1.1 Revenues from sustainable solutions on page 181.
3 For more information, see section 5.6 Community investment on page 205.
4 For more information on local minimum wage requirements, see the 2024 WEF index table on our website: www.zurich.com/sustainability/strategy-and-reporting/reporting/sustainability-report
5 The Group Policy ABC requires the appointment of an anti-bribery and corruption officer (ABCO) for each country. The ABCO's duty is to monitor compliance with the Group Policy ABC and the applicable local anti-bribery and anti-corruption framework. The ABCO also supports business management in maintaining the local anti-bribery and anti-corruption framework and reviewing it regularly to ensure that it appropriately addresses bribery and corruption risks in the country.
6 Subject to Group and local governance requirements.

The Group Policy ABC sets out minimum requirements in relation to the following topics, among others:

- Associated persons' due diligence.
- Third-party payment due diligence.
- Incentives.
- Gifts, entertainment and other advantages.

We perform due diligence in accordance with our Group Policy ABC before selecting a party to be an Associated Person.[1] The due diligence must be appropriate to the anti-bribery and anti-corruption risk the relationship with the Associated Person may present. Higher risk Associated Persons receive periodically recurring due diligence.

On third-party payments, our Group Policy ABC requires the establishment of documentation which provides, among other things, a business rationale for the relationship. It also requires our employees to be alert to potential anti-bribery and anti-corruption red flags[2] that may be associated with improper third-party payments. Such red flags are to be addressed through a so-called third-party payment due diligence process.

The Compliance function is mandated to provide assurance to internal stakeholders (business management, board and audit committees) that compliance-related risks are managed effectively, and that controls are designed adequately and operating effectively. In addition, Compliance supports businesses in the countries in managing compliance-related risks appropriately and remediating gaps in operative compliance controls. It is important to note that anti-bribery and anti-corruption is part of the compliance risk universe[3] and subject to independent assurance, advice and enablement by Compliance in accordance with the Zurich Compliance Charter and Zurich Compliance Program.

Assurance activities conducted by the Compliance and Audit functions in 2024 confirmed the overall assessment that our controls around anti-bribery and anti-corruption are well designed and working effectively.

5.2.2 Training and awareness

Fostering a culture of compliance among all our employees is important. To achieve this, it is critical to encourage general awareness and understanding of potential areas of bribery and corruption risk, applicable laws, and our policies.

We frequently educate our employees and Board members on topics related to compliance and ethics. This begins with mandatory Code of Conduct training.[4] This annual training raises awareness of what it means to do the right thing. It helps employees and managers feel more confident in making ethical decisions in their day-to-day work. It also helps employees to spot and report possible bribery and corruption incidents. In 2024, almost all our employees[5] completed the training, resulting in a global completion rate of 99.99 percent. The completion rate was above 99.9 percent in all regions.[6] In addition, all 12 members of our Group Board completed the training. Employees whose roles expose them to potentially greater bribery and corruption-related risks are also required to undergo enhanced training on how to identify and respond to potential bribery and corruption risks.

The Compliance function develops the training in line with the Group Policy ABC and in consideration of local risks, regulations and requirements for each jurisdiction. The training is reviewed on an annual basis to incorporate new developments and requirements. This keeps our employees and management at the forefront of the prevention of bribery and corruption and helps us fulfil our ambition of being a responsible and ethical business.

5.2.3 Protected advice

Anti-bribery and anti-corruption is a risk which affects all business lines. Comprehensive regulatory requirements – some with extraterritorial reach including the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act – as well as a high level of regulatory scrutiny and extensive criminal enforcement with large penalties, fines or settlements drive up the inherent anti-bribery and anti-corruption risk for our company.

As outlined above, our employees are all subject to our Group Policy ABC[7] and our Code of Conduct,[8] and we provide them with training and other resources which aim to prevent and detect potential misconduct. If employees suspect misconduct, we want them to feel comfortable reporting their concerns and feel supported by the organization when doing so.

There are multiple channels for our employees and other stakeholders to report alleged wrongdoing or suspected or actual illegal, fraudulent, improper or unethical conduct ("integrity concerns") to people managers, Compliance, HR or Legal. They can also use the Zurich Ethics Line (ZEL) to report integrity concerns anonymously, either via telephone or online via a web form. We do not tolerate retaliation against any employee or other person reporting an integrity concern

1 Associated Persons are individuals or entities who perform services for, to, or on behalf of, an organization and may include: brokers, insurance agents and intermediaries, distributors, subcontractors, employees of outsourcing partners, our employees, Group entities or subsidiaries, independent non-executive directors, joint venture partners, outsourcers, including external asset managers, other consortia members, other (non-insurance) agents in the process of conducting business, suppliers and service providers (e.g., property management companies).
2 Anti-bribery and anti-corruption red flags include, but are not limited to, the following: The recipient of the payment is a public official or a close relative of a public official, the transaction value appears to be high in relation to the goods or services provided, the payment is being made to a country that is different to the country in which the recipient is located or the services are/were rendered, etc.
3 The compliance risk universe captures common global compliance risk themes.
4 The code of conduct training includes the topic of anti-bribery and anti-corruption.
5 In 2024, the code of conduct training was also shared with various business partners depending on country requirements.
6 Excludes employees on a long-term leave during the training window, new joiners who joined after the cut-off date for the annual training assignment, and employees who left the company before the assignment due date.
7 www.zurich.com/en/about-us/corporate-governance/code-of-conduct/we-care-about-business-integrity
8 www.zurich.com/about-us/corporate-governance/code-of-conduct

in good faith. The ZEL is available globally and offers support in a total of 25 languages. All integrity concerns are reviewed by a triage committee comprising representatives of Compliance, HR and Legal.

Further, as part of our commitment to prevent and fight bribery and corruption, we signed in late 2023, the Call-to-Action[1] on the 20th anniversary of the UN Convention against Corruption (UNCAC). This was put forward as an appeal by companies to governments to intensify efforts to tackle corruption affecting business communities around the world, and to join forces in this endeavor. The Call-to-Action urges governments to underscore anti-corruption and good governance as fundamental pillars of a sustainable and inclusive global economy and embrace them as important tenets of the 2030 Agenda for Sustainable Development. Concretely, this Call-to-Action, signed by companies across the world, was submitted at the 10th Conference of the States Parties to the UN Convention against Corruption (CoSP10) to serve as basis for governments' discussions and decisions on this matter.

5.3 Human rights

We respect the protection of international human rights within our sphere of influence and work hard to avoid being complicit in human rights abuses. When interacting with employees, customers, investees, shareholders, suppliers, the public at large or any other stakeholder, we aim to promote the following best-practice standards to manage potential adverse human rights impact:

- United Nations Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy' Framework".
- OECD Guidelines for Multinational Enterprises.
- United Nations Global Compact.

These principles are embodied in our Code of Conduct, which applies to our employees and Board members.[2] We endeavor to work with third parties such as consultants, advisers, suppliers and agents who share our values, and we expect our business partners to adhere to the spirit of our code and embrace high standards of business conduct.

We assess possible adverse human rights impacts within our sphere of activity, which includes our role as an employer, as an insurer, and as an investor as well as our own operations and supply chain and our position within society.

Our responsibility as an employer

We strive to maintain an environment free from all forms of discrimination and harassment. We do not tolerate harassment, discrimination or bullying in the workplace, whether based on race, ethnicity, color, age, sex, gender, gender identity or expression, sexual orientation, national origin, religion, disability, pregnancy, veteran status, or any other relevant characteristics protected under applicable law. This applies regardless of an individual's duties or positions within the organization.

We offer multiple channels for employees and others to speak up and raise concerns, including to people managers, Compliance, HR and Legal, as well as the Zurich Ethics Line (ZEL).[3]

We strive to build an inclusive and equitable workplace that empowers everyone to achieve their full potential. We are developing policies, practices and ways of working that support diversity, inclusion, equity and belonging. We recognize the right of employees to freedom of association and collective bargaining and to freely form and join groups for the promotion and protection of employment interests.[4]

Our employees generally work in low-risk environments and are not exposed to significant health and safety hazards. Nevertheless, we adopt a systems-based approach to managing health and safety risks in a structured and consistent way across all our operations and have a global program in place to ensure we continually improve our health and safety performance.[5]

Our responsibility as an insurer

Our approach to managing sustainability risks in business transactions has a particular focus on transactions where the insured customer may have an established track record of human rights violations, or is implementing projects that are particularly prone to potential human rights and environmental issues, such as mining or oil and gas projects.[6]

Human rights issues that are considered under our policy are:

- Child labor.
- Forced labor and compulsory labor.

1 www.unglobalcompact.org/take-action/action/anti-corruption-call-to-action
2 More information in section 5.2.2 Training and awareness on page 200.
3 More information in section 5.2.3 Protected advice on pages 200 to 201.
4 An illustrative example is the Zurich European Forum (ZEF). It was established in 1996 with the aim to open an honest and transparent dialogue and consultation with our European employee representatives on transnational topics of interest. Today, ZEF is composed of 29 delegates from 13 countries. In addition to its quarterly Steering Committee meetings, ZEF also meets in plenary session once a year in Zürich with the participation of the Group CEO, EMEA CEO, Global Chief People Officer, and a group of corporate and European leaders depending on the topics to discuss. Over the course of this year, this employee representative body has covered a wide range of topics from workload and sustainability to digitalization and artificial intelligence. It has played an important role in the region for almost 30 years, continuously engaging in a dialogue on social, strategic and financial topics that are of relevance for us where the employee representatives voice their opinions and concerns, which also fosters and deepens trust levels throughout the workplace.
5 For further information, see section 5.1.3 Wellbeing on pages 198 to 199 and the WEF Index table (see: www.zurich.com/sustainability/strategy-and-reporting/reporting/sustainability-report).
6 For further information, see: www.zurich.com/sustainability/governance-and-positions/our-positions

- Involuntary relocation of local communities, inappropriate use of force or adverse impacts on vulnerable indigenous people. Evidence of such violations can include, but is not limited to, the absence of right of free, prior and informed consent for Indigenous Peoples (FPIC).
- Poor health and safety conditions.
- Instances of bribery and corruption.

Through our underwriting guidelines and checklists, we apply a clear guidance on underwriting decisions including clear referral processes.

Our responsibility as an investor

We implemented a global set of policies and investment processes across the organization, which aim at ensuring a consistent approach on the integration of ESG topics, as part of our responsible investment strategy.[1] We proactively integrate ESG factors in our investment decisions. Material ESG factors include, but are not limited to:

- Climate change risks (transition risks, physical risks and litigation risks).
- Activities negatively affecting biodiversity or increasing water stress.
- Deforestation, land degradation, and depletion of natural resources.
- Raw material sourcing.
- Environmental and health impacts of hazardous chemicals, waste and pollution.
- Exposure to banned cluster munitions and anti-personnel land mines.
- Human rights including labor rights in the supply chain.
- Community impact.
- Human capital: health and safety and labor management.
- Product safety.
- Corruption and bribery matters.
- Breaches of regulation, international norms and conventions.

Working with suppliers

When working with suppliers,[2] we apply our Supplier Code of Conduct which sets a clear expectation that our suppliers respect human rights. Each year, we conduct an annual human rights risk assessment to identify potential adverse impacts on human rights within our supply chain. The labor standards and workplace practices operated by our suppliers are a critical factor in the likelihood of adverse human rights impacts occurring. In 2024, our findings indicate that our supply chain has a low-risk exposure to such issues. We also carried out an additional assessment concerning child labor, following the same approach adopted in 2023.[3] The assessment confirmed that there remains no reasonable suspicion of child labor within our supply chain.

The first step in our human rights risk assessment is to analyze the human rights set out in the United Nations Declaration of Human Rights, and seek to identify which, if any, of these fundamental human rights could be adversely impacted in our tier-one supply chain, i.e., those suppliers with whom we have a direct buying contract.

We then seek to identify the goods and services categories and countries where the potential risk of adverse impacts to human rights issues is highest. To identify high-risk goods and services categories, we consider data and reports from reputable NGOs and our own internal expert judgement. Our assessment is based upon the prevalence of human rights issues reported and an assessment of working practices at industry or sector level. Our assessment of high-risk countries is based on:

- The reported prevalence of human rights issues.
- The degree of respect for worker rights, based upon local laws and actual practices.
- The extent of political freedom and civil liberties.
- The extent of corruption.

We share the findings of this assessment internally, provide relevant training, carry out risk-based due diligence on suppliers and use a software tool that uses artificial intelligence to screen news reports, social media posts and NGO reports to monitor potential ESG-related (including human rights) supply chain issues.

1 For further information on our approach relating to responsible investment, see: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/responsible-investment-at-zurich.pdf
2 For further information, see 5.4 Sustainable sourcing on page 203.
3 Pursuant to the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor.

5.4 Sustainable sourcing

Approach

Due to the nature of our business, we are predominantly a consumer of services. Compared with other industry sectors such as manufacturing, the risks associated with the environmental, social, human rights,[1] and governance impact of our supply chain are low. Nonetheless, we are striving to effectively manage such issues. As part of this, we have established a sustainable sourcing program,[2] which aims to **enhance the resilience of our supply chain**, supports our commitment to net-zero and creates a positive social impact.

It comprises three pillars, which address environmental, social and ethical factors. Its objective is to embed these factors throughout the sourcing cycle, align suppliers with our values and be transparent about our expectations. We have developed a supplier code of conduct (SCOC)[3] to lay a clear foundation for systematically integrating responsible business conduct in our supply chain and provide online training videos for suppliers to familiarize themselves with our expectations.

Figure 35
Sustainable sourcing program



We aspire to use our influence as a buyer of goods and services to accelerate the adoption of sustainable business practices among our suppliers by asking them to comply with this code. We evaluate supplier alignment with the SCOC and request selected suppliers to complete a self-assessment. We review the self-assessment results and internally audit a sample of the responses. As of 2024, we confirmed that **73 percent[4] of our managed procurement spend (MPS)[5] is with suppliers that meet or exceed the key expectations of our SCOC**, following a self-assessment.

Actions

Throughout 2024, we have continued to engage and support our suppliers to improve their sustainability performance. In particular, we have held online and in-person events with our suppliers to educate them on our sustainability ambitions and promote the tools and resources that we have provided to use within their own businesses. Our tools and resources include a carbon emissions calculator, training videos and policy statement templates. The tools are designed to address common areas in which multiple suppliers fall short of our expectations and support us to drive up supply chain standards. We are proud that some suppliers have started their own climate action using our free tools as a result of the engagement activities carried out by our teams. We will continue to work with our suppliers to address these areas in the short to medium term. Where our engagement fails and suppliers cannot or refuse to embed the minimum standards, we will review the relationship and examine appropriate measures, including phasing it out to protect our commitment to doing the right thing.

To ensure our colleagues are equipped with the necessary knowledge and skills to successfully engage suppliers on sustainability topics we provide access to a learning academy. The content includes internally produced online courses covering climate change, human rights, social procurement and supplier due diligence processes. The completion rate of the supplier due diligence training for employees working within the Procurement function for calendar year 2024 is 99.4 percent.[6]

Net-zero supply chain

To complement our net-zero goals for our own operations, we are looking to our supply chain to set emissions reduction and net-zero targets, consistent with local law. Our goal is for 75 percent of our MPS to be with suppliers that have science-based emissions reduction targets by 2025 and net-zero targets by 2030. As of the end of 2024, **59.4 percent[7] of our MPS is with suppliers who have set science-based targets** and **51.9 percent[8] of our MPS is with suppliers who have set net-zero targets**. We aim to use our influence and press for change, expecting suppliers to set their own targets. In 2024, we were again recognized with Supply Chain Engagement Leader status by CDP[9] for the second consecutive year.

5.5 Responsible tax

We aim to manage tax costs and risks to benefit our customers, employees, shareholders, and society as a whole. This commitment is part of our goal to be a responsible corporate citizen in all the communities where we operate.

Acting as a responsible taxpayer is one way of contributing to the economic and social development of these communities. We view tax compliance as a key objective and dedicate significant resources to ensure that our tax activities are managed in a sustainable, well-governed, and transparent manner.

1 For more information on our commitment to human rights, including human rights due diligence and human rights risk assessment, see section 5.3 Human rights on pages 201 to 202.
2 www.zurich.com/sustainability/planet/sustainable-sourcing
3 www.zurich.com/en/sustainability/governance-and-policies/-/media/project/zurich/dotcom/sustainability/docs/sustainable-sourcing-supplier-code-of-conduct-2021.pdf?v=4
4 According to the 2023 baseline of managed procurement spend, excluding suppliers no longer active in the year of reporting.
5 MPS means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations.
6 Based upon a completion deadline of January 24, 2025.
7 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions.
8 We consider a supplier to have net-zero targets when their net-zero target is approved by the SBTi, a similar scientifically accredited body or otherwise has a public target to neutralize any residual scope 1 and 2 emissions.
9 CDP is a not-for-profit charity that runs the global disclosure system for individuals and organizations to manage their environmental impacts.

We pay taxes in the countries where we operate, adhering to local laws and regulations. The location of our subsidiaries and branches is based on business needs. We do not engage in aggressive tax planning or artificial structures that lack business purpose or economic substance. We own only a small number of entities in low or zero-tax jurisdictions, involved in insurance, reinsurance, and asset management. We are committed to refraining from using so-called 'tax havens' for tax planning and do not shift value created elsewhere to non-cooperative jurisdictions.

Our approach to tax is outlined in our tax strategy,[1] which aligns with our Code of Conduct.[2]

1 To find out more about our tax strategy, please visit: www.zurich.com/sustainability/governance-and-positions/being-a-responsible-taxpayer
2 www.zurich.com/about-us/corporate-governance/code-of-conduct

WORLD ECONOMIC FORUM S

5.6 Community investment

Our community investment activities[1] are mainly delivered by the Z Zurich Foundation (the Foundation), a charitable organization funded by various members of the Group. Over its current strategic cycle, from 2024 – 2027, the Foundation has the ambition to create brighter futures and more opportunities for 25 million vulnerable people.

The Foundation's highlights for 2024 include:

- Significant developments in all four focus areas: Adapting to climate change, enabling social equity, improving mental wellbeing, and responding to crisis. The Foundation launched new multi-year programs to assist communities across the globe alongside like-minded organizations. For example, building on the collaboration with Junior Achievement US which started in 2023, the Foundation approved further support for this organization to further scale and deepen support to American youth that will transform the educational landscape. The extension of the project builds on the success of the initial program aiming to create new opportunities and empower the next generation to take control of their future. It will be rolled out in over 12,000 schools across the U.S., impacting more than 2.3 million students by 2029, as well as thousands of educators and Zurich volunteers.
- Over USD 41.7 million[2] investment in community programming across the Foundation's strategic areas of work. In addition, the Foundation collaborated closely with our teams to engage our customers and distributors in social impact initiatives.
- Formalization of its humanitarian response approach, enabling more efficient support to the most vulnerable affected by climate and conflict-related catastrophes. In 2024, the Foundation made over 30 donations to disaster relief initiatives across the globe, e.g., for the significant flooding in Brazil and Spain, as well as the major hurricanes in the United States. For these disasters, the Foundation collaborated closely with our local teams and charitable organizations on the ground to provide comprehensive support to people impacted by these catastrophic events.

Table 24
Employee-led fundraising and volunteering

	2024	2023	Difference
Fundraising and donations (USD millions)[1]	3.8	3.0	26.5%
Total time volunteered by workforce (hours)	199,469	146,433	36.2%
Workforce actively volunteering (% of total headcount)	24.1%	20.3%	18.9%

1 Includes fundraising and donations of our employees, but excludes Z Zurich Foundation matching.

2024 was a record year for us in terms of employees volunteering. For the first time ever, our employees have recorded close to 200 thousand hours of volunteering, including volunteering time of our customers and brokers when done together with our employees.

While the Foundation is the main vehicle by which we deliver on our global community investment strategy, members of the Group also drive community support actions and actively engage with charity organizations to address local needs and priorities.

Table 25
Charitable cash contributions
In USD millions

	2024	2023	Difference
Charitable cash contributions by members of the Group[1]	18.2	17.8	2%
Charitable cash contributions by Z Zurich Foundation[2]	54.5	49.6	10%

1 Charitable cash contributions capture contributions from members of the Group to charitable initiatives and organizations, excluding the Foundation. It is at the discretion of the individual countries to define what they deem eligible in their respective context. As such there are no limitations or exclusions (e.g., religious or political purposes) as there are for contributions executed by the Foundation.
2 Charitable cash contributions capture our contributions to the Foundation. The donations are made by various members of the Group.

Charitable contributions by members of the Group to charitable initiatives and organizations in 2024 increased compared with 2023. We have decided to increase our financial support to the Foundation so it can adapt its response to those most in need in our societies, as those needs grew significantly across all focus areas in 2024. The rise in our contributions is reinforced by foreign exchange rate effects due to the strengthening of the Swiss franc against the U.S. dollar in 2024.

1 Our Group and employees contribute through fundraising, volunteering and cash contributions whereas the Foundation carries out community investment activities.
2 The final and audited 2024 figures will be disclosed in the Foundation's Impact Report, which will be published in June 2025. To find out more about the Foundation's work in 2024, please refer to the Group overview on pages 26 to 27.

6. Appendix

6.1 Our yearly progress on our targets and ambitions

The table below shows **our progress over the years** compared to our qualitative ambitions and quantitative targets we set to execute our Sustainability Framework. Please note that **target 2025** and **target 2030** is always defined as using **year-end 2024 and 2029 values**, respectively (e.g., reduction of financed emissions). **By 2030 target** (e.g., for reduction of IAE intensity) is defined as **using year-end 2030** value, similar **by 2025 target** (e.g., for operational carbon emissions) is defined as using **year-end 2025** value. Please also note that parentheses around percentages or points indicate a reduction.

Table 26

Our yearly progress on our targets and ambitions

Investment management

Our areas of focus	Our progress					Our targets			
	2020 to 2024					2025	2030	2050	Targets / ambitions without a deadline
Reduction of financed emissions									
Reduce emissions intensity of listed equity and corporate bond investments (metric tons CO2e/USD million invested, compared to 2019)	**2020** (6)%	**2021** (21)%	**2022** (12)%	**2023** (43)%	**2024** (54)%	**(25)%**	**(55)%**	**Net-zero investment portfolio**	
Reduce emissions intensity of direct real estate investments (kgCO2e/m^2, compared to 2019)	**2020** (6)%	**2021** (20)%	**2022** (25)%	**2023** (30)%		**(30)%**	**(45)%**		
Engagement									
Engage companies producing 65% of portfolio emissions and lacking targets aligned with Paris Agreement (PA)		**2021** 46%	**2022** 54%	**2023** 60%	**2024** 65%	**65%**			
Engage directly with high-emitting companies which currently do not have credible science-based targets							**20**		
Climate solutions									
Allocation to climate solution investments	**2020** +9%	**2021** +11%	**2022** +17%	**2023** +25%	**2024** +41%	**Annual increase**			
Allocation to climate solutions investments (based on % AuM)[1]							**6%**		
Avoid CO2e emissions through climate-related impact investment organization (ambition per year)		**2021** 4.6 million metric tons CO2e	**2022** 3.2 million metric tons CO2e	**2023** 4.5 million metric tons CO2e	**2024** 3.9 million metric tons CO2e				**Avoid 5 million metric tons CO2e**
Impact investment									
Share of total invested assets in impact investments	**2020** 2.5%	**2021** 3.3%	**2022** 3.8%	**2023** 4.6%	**2024** 5.3%	**5%**			
People to benefit from a positive contribution to their lives and livelihood (ambition per year)		**2021** 3.6 million people	**2022** 4.7 million people	**2023** 4.6 million people	**2024** 5.3 million people				**5 million people**

1 Estimated based on AuM 2023, equivalent to approximately USD 10 billion. Any portfolio activity will be subject to market conditions and potential other constraints.

Underwriting

Our areas of focus	Our progress				Our targets			
	2021 to 2024				2025	2030	2040	2050
Revenues from sustainable solutions (in USDm)	2021[1]: 289	2022[2]: 801	2023: 1,360	2024: 1,702	Annual increase			
Engagement with large corporate customers who contribute most heavily to our portfolio emissions[3]						450		
Reduction in IAE intensity in our large corporate customer portfolio[3] (compared to 2022 baseline)						(20)%		Net-zero UWR portfolio

1 2021 amounts were calculated under IFRS 4 'Insurance Contracts' and not remeasured to IFRS 17 'Insurance Contracts'.
2 Due to the adoption of IFRS 17 'Insurance Contracts' in 2023, the measurement of revenues from sustainable solutions in our Life business was remeasured and aligned to net flows.
3 Determined by scope 1& 2 for our customers' emissions using the PCAF (Partnership for Carbon Accounting Financials) insurance-associated emissions methodology for commercial lines, covering customers with revenues greater than USD 1 billion.

Own operations and supply chain

Our areas of focus	Our progress					Our targets		
	2020 to 2024					2025	2029	2030
Absolute reduction in all operational emissions[1] (compared to 2019)	2020: (60)%[2]	2021: (73)%	2022: (70)%	2023: (67)%	2024: (69)%	(60)%	(70)%	Net-zero operational emissions
Reduction of scope 1 and 2 emissions[1] (compared to 2019)	2020: (41)%[2]	2021: (56)%	2022: (56)%	2023: (59)%	2024: (62)%	(62)%	(80)%	
Reduction of scope 3 emissions[1,3] (compared to 2019)	2020: (67)%[2]	2021: (80)%	2022: (74)%	2023: (70)%	2024: (71)%	(60)%	(67)%	
% of MPS[4] that is with suppliers having science-based targets[5]				2023: 52.1%	2024: 59.4%	75% with science-based targets[5]		
% of MPS[4] that is with suppliers having net-zero targets[6]				2023: 49.4%	2024: 51.9			75% with net-zero targets[6]

1 Cover-More, Farmers Group, Inc. and its subsidiaries, our joint ventures with Banco Sabadell and Banco Santander, smaller businesses like Real Garant and Orion, as well as third party vendors are excluded as well as our new acquisitions Zurich Kotak and Travel Guard.
2 The 2020 numbers were restated as a number of data quality improvement opportunities were revealed during the assurance process. For a detailed overview, see: www.zurich.com/-/media/project/zurich/dotcom/sustainability/docs/Zurich-environmental-performance-data-2021.xlsx
3 Resulting from air, rental and rail business travel, employee commuting, strategic data centers, printed paper and waste, as well as indirect energy impact.
4 MPS means the spend of approximately USD 2 billion annually managed centrally by Zurich's Procurement and Vendor Management function on goods and services that are required to enable Zurich to maintain and develop its operations. According to the 2023 baseline of MPS, excluding suppliers no longer active in the year of reporting.
5 We consider a supplier to have science-based targets when their emission reduction targets are approved by the SBTi, a similar scientifically accredited body or otherwise require a reduction of at least 42 percent in scope 1 and 2 emissions.
6 We consider a supplier to have net-zero targets when their net-zero target is approved by the SBTi, a similar scientifically accredited body or otherwise has a public target to neutralize any residual scope 1 and 2 emissions.

Customer data

Our areas of focus	Our progress
	2020 to 2024
Keep customers' data safe	Never sell customers' personal data. Not share customers' personal data without being transparent about it. Put customers' data to work so Zurich can better protect them and so they can get the most out of life.

Our people

Our areas of focus	Our progress				Our targets
	2021 to 2024				2025
Internal hires	2021: 68%	2022: 71.2%	2023[1]: 73.4%	2024: 72.8%	Annual increase

1 As of 2023, we included Farmers Group, Inc. and Cover-More. The internal hiring rate of career level A excludes external hires, as these positions are, by nature, mainly filled by external career starters, meaning the internal hiring rate of career level A is always 100 percent. The total % for 2024 (independent of career level) is also calculated without taking career level A external hires into account.

6.2 Material topics and subtopics reference table

Table 27

Material topics and subtopics reference table

Topic	Subtopic	Page	Section
Climate change (E1)	Climate change mitigation	137	Chapter 3. Our planet
	Climate change adaptation	137	Chapter 3. Our planet
Own workforce (S1)	Equal treatment and opportunities for all	196	Section 5.1.2 Diversity, equity, inclusion and belonging
	Working conditions	191	Section 5.1 Our people
	Other work-related rights	201	Section 5.3 Human rights
	Training and skills development	193	Section 5.1.1 Careers and work
Consumers and end-users (S4)	Information-related impacts for consumers and/or end-users	180 and 186	Sections 4.1 Customer experience and customer-centric solutions and 4.3 Fair and transparent advice
	Access to (quality) information	186	Section 4.3 Fair and transparent advice
Business conduct (G1)	Corporate culture	199	Section 5.2 Prevention of bribery & corruption
	Protection of whistleblowers	200	Section 5.2.3 Protected advice

6.3 TCFD reference table

Table 28

TCFD reference table

The sections listed in the table below are the main source of information on a given thematic area. There may be additional information in other parts of the sustainability report.

Thematic area	Recommended disclosure	Page	Section
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	135 to 136 136	2.1 Governance around climate-related risks and opportunities 2.2 Impact of climate-related performance on remuneration
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	135 to 136 136	2.1 Governance around climate-related risks and opportunities 2.2 Impact of climate-related performance on remuneration
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	137 137 to 139	3.1.1 Our approach to climate change 3.1.2 Managing climate risk
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	137 to 139 139 to 142	3.1.2 Managing climate risk 3.1.3 Natural catastrophe modeling: current exposure to physical risk
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	142 to 144 144 to 148 149 to 154 154 to 156 156 to 157 157 to 157	3.1.4 Portfolio level scenario-based climate risk analysis 3.1.5 Portfolio level scenario-based climate risk analysis: Underwriting 3.1.6 Portfolio level scenario-based climate risk analysis: Investments 3.1.7 Portfolio level scenario-based climate risk analysis: Own operations and supply chain 3.1.8 Portfolio level scenario-based climate risk analysis: Conclusions 3.1.9 Other climate risk assessment outcomes: litigation risk and reputational consequences
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	157 to 159	3.2 Risk management
	b. Describe the organization's processes for managing climate-related risks.	157 to 159	3.2 Risk management
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	137 to 139 139 to 142 157 to 159	3.1.2 Managing climate risk 3.1.3 Natural catastrophe modeling: current exposure to physical risk 3.2 Risk management
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	159 to 179	3.3 Targets and metrics
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	159 to 179 206 to 207	3.3 Targets and metrics 6.1 Our yearly progress on our targets and ambitions
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	159 to 160 206 to 207	3.3.1 Our targets 6.1 Our yearly progress on our targets and ambitions

6.4 Emissions profile

Table 29

Emissions profile

	In scope AuM (USDbn)							Absolute financed emissions (million metric tons CO2e)[1]						
	2024	2023	2022	2021	2020	2019 (baseline)	Diff (2024 to baseline)	2024	2023	2022	2021	2020	2019 (baseline)	Diff (2024 to baseline)
Zurich Corporate Portfolio	**46.6**	**49.6**	**47.7**	**63.1**	**64.3**	**58.5**	**(20)%**	**2.9**	**3.8**	**5.7**	**6.8**	**8.3**	**7.9**	**(63)%**
By investment asset class														
Listed equity	6.9	6.7	6.4	10.5	10.6	10.6	(35)%	0.4	0.4	0.5	0.7	0.8	1.0	(62)%
Corporate bonds	39.7	43.0	41.2	52.6	53.8	47.9	(17)%	2.5	3.4	5.1	6.0	7.5	7.0	(64)%
By region														
APAC	5.5	5.3	5.0	6.0	5.1	4.5	23%	0.7	0.9	1.3	1.8	1.8	1.8	(63)%
EMEA	30.0	32.0	29.5	40.7	42.5	38.2	(22)%	1.7	2.2	3.2	3.9	4.8	4.5	(63)%
Americas	11.1	12.4	13.2	16.3	16.7	15.9	(30)%	0.6	0.8	1.2	1.1	1.6	1.7	(66)%
By sector														
Utilities	3.2	4.0	4.0	4.8	4.7	4.4	(27)%	0.9	1.4	2.2	2.9	2.7	2.7	(66)%
Government-owned	1.5	1.9	1.7	2.2	2.6	2.7	(44)%	0.3	0.5	0.9	0.8	1.3	1.4	(79)%
Energy	1.5	1.8	1.9	2.5	2.7	2.1	(29)%	0.5	0.5	0.7	0.8	1.0	0.7	(27)%

1 Financial emissions cover scope 1+2 of underlying companies (listed equity and listed corporate credit) attributed with enterprise value methodology and matched, based on most recently available emission data.
2 Committed or set targets under SBTi.

	In scope AuM (USDbn)						Absolute emissions (metric tons CO2e)					
	2023	2022	2021	2020	2019 (baseline)	Diff (2023 to baseline)	2023	2022	2021[3,4]	2020[3,4]	2019 (baseline)	Diff (2023 to baseline)
Zurich global real estate portfolio[6,7]	**10.0**	**10.3**	**11.1**	**12.5**	**11.7**	**(14)%**	**34,491**	**37,110**	**39,362**	**50,669**	**53,181**	**(35)%**
APAC	0.1	0.1	NA	NA	NA	NA	589	555	NA	NA	NA	NA
EMEA	8.1	8.3	9.4	10.8	10.0	(19)%	24,761	27,183	27,897	37,244	41,153	(40)%
Americas	1.8	1.8	1.7	1.7	1.7	6%	9,141	9,372	11,465	13,425	12,028	(24)%

3 The CO2e emissions are calculated according to the location-based method. In cases where the data is available or properties use onsite/offsite renewable energies, the market-based methodology is applied.
4 The emission factors are retrieved from the IEA, (2020) with the exception of Switzerland for local calculation references (Intep, REIDA 2022 and local authorities) which are aligned with IEA.
5 The relative emissions intensity is calculated based on GFA of the buildings.
6 Real estate emissions are only available with a four-quarter lag. 2024 emissions will be reported in the 2025 sustainability report. Includes investment portfolio buildings only, as own-use buildings are part of our operational emissions target.
7 Direct real estate holdings form the base for the emission reduction targets. There are no applicable figures for the APAC region available.

Relative emission intensity (metric tons CO2e/1 million market value)								% of financed emissions with SBTi[2]							
2024	2023	2022	2021	2020	2019 (baseline)	Diff (2024 to baseline)	Target	2024	2023	2022	2021	2020	2019 (baseline)	Diff (2024 to baseline)	% of financed emissions in run-off under coal/oil sands policy 2023
62	**77**	**119**	**108**	**128**	**136**	**(54)%**	**(25)%**	**24.8**	**21.8**	**23.3**	**19.9**	**19.5**	**14.3**	**73%**	**4.4%**
52	57	84	71	74	90	(41)%		21.2	22.2	25.9	25.1	27.8	22.6	(6)%	
64	80	125	115	139	146	(56)%		25.3	21.8	23.0	19.3	18.7	13.2	92%	
120	164	261	292	355	400	(70)%		5.6	6.3	6.5	1.2	1.6	1.2	384%	17.1%
56	68	108	95	113	118	(53)%		35.3	32.8	35.7	32.4	31.3	22.9	54%	0.3%
52	63	89	70	98	105	(51)%		16.7	8.6	8.2	6.1	4.3	5.3	218%	1.7%
288	358	547	600	565	616	(53)%		17.0	16.8	19.3	16.7	17.9	14.4	18%	12.3%
200	262	518	375	498	529	(62)%		40.3	40.1	27.5	26.5	24.3	5.4	641%	3.9%
311	290	383	310	384	305	2 %		0.0	0.0	0.0	0.0	0.0	0.0	0%	0.5%

Relative emission intensity (kg CO2e/sqm)[5]						
2023	2022	2021	2020	2019 (baseline)	Diff (2023 to baseline)	Target
15.2	**16.2**	**17.2**	**20.4**	**21.6**	**(30)%**	**(30)%**
59.5	56.0	NA	NA	NA	NA	
17.1	17.9	18.2	21.3	22.9	(25)%	
11.3	12.4	15.3	18.1	18.0	(37)%	

6.5 Career level distribution of our workforce

Table 30

Career level distribution of our workforce

	Career level (%)[1]						Total % 2024	Total # 2024
	A	B	C	D	E	Senior management		
Dimension								
Region								
APAC	20.6	12.3	10.9	11.1	3.7	10.7	15.1	9,625
EMEA	39.7	36.1	34.5	37.7	23.9	36.9	40.4	25,822
LATAM	20.5	9.7	9.1	6.2	6.4	6.3	13.4	8,537
North America	18.6	39.7	37.6	24.4	24.8	24.4	28.6	18,235
Corporate Center	0.6	2.2	7.9	20.5	41.3	21.7	2.5	1,623
Gender								
Female	62.8	50.1	38.5	32.6	24.8	32.1	50.9	32,492
Male	37	49.6	61.3	66.6	75.2	67.1	48.4	30,872
Undisclosed gender[2]	0.2	0.3	0.3	0.8	0	0.7	0.7	478
Age group								
Age <30	30.6	9.5	0.7	0.1	0	0.1	14.7	9,364
Age 30-50	49.5	64.1	66.3	54.1	27.5	52.5	58.6	37,395
Age >50	19.9	26.4	33	45.8	72.5	47.3	26.8	17,083
Employment type								
Full-time	89.6	94.8	95.1	95.9	96.3	95.9	92.6	59,133
Part-time	10.4	5.2	4.9	4.1	3.7	4.1	7.4	4,709
Nationality								
National	70.6	51.6	48	52.5	32.1	51.3	61.6	39,301
Non-national	5.9	6.7	11.2	21.7	43.1	23	7.3	4,633
Undisclosed nationality[3]	23.4	41.7	40.7	25.8	24.8	25.7	31.2	19,908
Total (% 2024)	**24.8**	**48**	**8.4**	**2.8**	**0.2**	**3**	**100**	**N/A**
Total (# 2024)	**15,850**	**30,635**	**5,373**	**1,777**	**109**	**1,886**	**N/A**	**63,842**

1 The breakdown by career level excludes 'unranked' employees who are not assigned to any career level (15.8 percent of our workforce), comprising employees in Germany (not ranked due to locally applicable restrictions preventing the use of this data, 8.3 percent of our workforce), Zurich Kotak (due to recent acquisition, 2.8 percent of our workforce), Orion (0.3 percent of our workforce), and sales force teams (due to their higher volatility, 2.6 percent of our workforce). The total includes all employees, including 'unranked'.
2 'Undisclosed gender' refers to employees with no declared gender.
3 'Undisclosed nationality' refers to employees for whom we do not hold nationality/citizenship information, mostly from North America.

6.6 Swiss legal requirements (CO Art. 964b)

Table 31

Swiss Code of Obligations reference table

The sections listed in the table below are the main source of information on a given matter. There may be additional information in other parts of the sustainability report.

Legal requirements	Section	Page
General information required to understand our business	Our performance	8
	Our global business	9
	Our business mix	10 to 11
	Our business model	14 to 15
	Our strategy	16 to 18
Environmental matters (incl. CO2 goals)	Sustainability performance highlights 2024	117
	1.1 Our approach to sustainability	124 to 125
	1.2 Climate transition plan	125 to 128
	1.3 Our targets and ambitions	129 to 130
	1.4 Our exclusions and positions	131
	3. Our planet, in particular:	137 to 179
	– 3.1 Strategy	137 to 157
	– 3.2 Risk management	157 to 159
	– 3.3 Targets and metrics	159 to 179
	4.1.1 Revenues from sustainable solutions	181 to 183
Social matters	Sustainability performance highlights 2024	117
	1.1 Our approach to sustainability	124 to 125
	1.3 Our targets and ambitions	129 to 130
	1.4 Our exclusions and positions	131
	1.5 Stakeholder overview	132 to 133
	4. Our customers	180 to 190
	5.4 Sustainable sourcing	203
	5.5 Responsible tax	203 to 204
Employee-related matters	Sustainability performance highlights 2024	117
	1.1 Our approach to sustainability	124 to 125
	1.3 Our targets and ambitions	129 to 130
	1.5 Stakeholder overview	132 to 133
	5. People	191
	5.1 Our people	191 to 199
Human rights matters	1.1 Our approach to sustainability	124 to 125
	1.5 Stakeholder overview	132 to 133
	5.3 Human rights	201 to 202
	5.4 Sustainable sourcing	203
Corruption matters	1.1 Our approach to sustainability	124 to 125
	5.2 Prevention of bribery & corruption	199 to 201
References to national, European or international regulations	1. Introduction and strategy	120 to 121

6.7 Assurance scope visualization

Table 32

Assurance scope

The below reference table gives an overview of the metrics which have been externally assured for the year ended December 31, 2024 unless otherwise stated. The assurance degree (reasonable, limited) and the framework or standard used are detailed for each metric.

Where	Assured metric		Assurance degree	Annual report	Framework/Standard
	Table / figures / KPI	Title			
Chapter 3					
Our planet: Drive positive impact					
	Figure 11	Annual Expected Loss for top five peril regions	Limited	140	Zurich Insurance Group's methodology[1]
	Figure 13	Probable Maximum Loss by top three peril regions	Limited	141	SASB Standards
	KPI	Revenues from energy efficiency and low-carbon technologies	Limited	162	SASB Standards
	Table 4	Insurance-associated emissions: Baseline	Limited	162	Zurich Insurance Group's methodology[1]
	Table 5	Engagement: Baseline	Limited	162	Zurich Insurance Group's methodology[1]
	Table 6	Engagement progress	Limited	164	Zurich Insurance Group's methodology[1]
	Figure 23	Engagement progress for top 10 emitters without science-based targets (SBT)	Limited	164	Zurich Insurance Group's methodology[1]
	Figure 24	Top 10 emitters without science-based targets (SBT) by sector and region	Limited	165	Zurich Insurance Group's methodology[1]
	Table 7	Assets under Management: corporate portfolio	Limited	166	Zurich Insurance Group's methodology[1]
	Table 8	Absolute and relative emissions of the corporate portfolio	Limited	167	Zurich Insurance Group's methodology[1]
	Table 9	Corporate portfolio emissions with commitments or in run-off	Limited	168	Zurich Insurance Group's methodology[1]
	Table 11	Assets under Management: real estate portfolio (year-end 2023)	Limited	169	Zurich Insurance Group's methodology[1]
	Table 12	Absolute and relative emissions of the real estate portfolio (year-end 2023)	Limited	169	Zurich Insurance Group's methodology[1]
	KPI	Coverage ratio real estate portfolio (year-end 2023)	Limited	170	Zurich Insurance Group's methodology[1]
	Table 13	% green certified buildings in total real estate	Limited	172	Zurich Insurance Group's methodology[1]
	Table 14	Climate solutions	Limited	172	Zurich Insurance Group's methodology[1]
	Table 15	Investment portfolio managed by responsible investors	Limited	173	Zurich Insurance Group's methodology[1]
	Figure 29	Proxy voting	Limited	174	Zurich Insurance Group's methodology[1]
	KPI	People benefited and emissions avoided through impact investment portfolio	Limited	175	Zurich Insurance Group's methodology[1]
	Figure 30	Impact metrics	Limited	175	Zurich Insurance Group's methodology[1]
	Table 16	Impact investing portfolio	Limited	176	Zurich Insurance Group's methodology[1]
	Table 17	Absolute carbon emissions coming from our own operations	Reasonable	178	GRI Standards
	Table 18	Absolute carbon emissions estimated for entities not included in the baseline	Reasonable	179	Zurich Insurance Group's methodology[1]

1 Regarding performance indicators in line with Zurich Insurance Group's methodology, a description of the methodology is included in the relevant sections of the sustainability report.

Where	Assured metric		Assurance degree	Annual report	Framework/Standard
	Table / figures / KPI	Title			
Chapter 4					
Our customers: Their needs are at the heart of everything we do					
	Figure 31	Revenues from sustainable solutions split by region and sustainable category	Limited	182	Zurich Insurance Group's methodology[1]
	Figure 32	Revenues from sustainable solutions by product category	Limited	183	Zurich Insurance Group's methodology[1]
	KPI	Retail – customer retention rate	Limited	185	SASB Standards
	KPI	Commercial Insurance – Premium retention rate	Limited	185	Zurich Insurance Group's methodology[1]
	KPI	Corporate Life and Pensions – customer retention rate	Limited	185	SASB Standards
	KPI	Employees completing data protection and privacy training	Limited	187	Zurich Insurance Group's methodology[1]
	KPI	Employees completing information security awareness training	Limited	187	Zurich Insurance Group's methodology[1]
Chapter 5					
Our people: Let's grow together					
	KPI	Total Group headcount	Limited	192	Zurich Insurance Group's methodology[1]
	Figure 33	Our workforce	Limited	192	Zurich Insurance Group's methodology[1]
	Table 20	New hires	Limited	193	WEF IBC metrics
	KPI	% of all promotions are women	Limited	194	Bloomberg GEI methodology
	Table 21	Internal hires	Limited	194	Zurich Insurance Group's methodology[1]
	Table 22	Average learning hours	Limited	195	WEF IBC metrics
	KPI	Total number of hours training registered on MyDevelopment	Limited	195	WEF IBC metrics
	KPI	Average training expenditure per full time employee	Limited	195	WEF IBC metrics
	KPI	Total expenditure on training	Limited	195	WEF IBC metrics
	Table 23	Turnover	Limited	196	WEF IBC metrics
	KPI	% of individuals voluntarily or involuntarily departing the organization are women	Limited	195	Bloomberg GEI methodology
	KPI	% of our people managers are women	Limited	197	Bloomberg GEI methodology
	KPI	% of our individual contributors are women	Limited	197	Bloomberg GEI methodology
	KPI	% of our employees working in IT or engineering roles are female	Limited	197	Bloomberg GEI methodology
	KPI	Employees completing anti-corruption training overall and by region	Limited	200	WEF IBC metrics
	KPI	Completion rate of the supplier due diligence training (%)	Limited	203	Zurich Insurance Group's methodology[1]
	KPI	% of MPS with suppliers in compliance with or exceeding our SCOC	Limited	203	Zurich Insurance Group's methodology[1]
	KPI	% of MPS with suppliers that have science-based emissions reduction targets	Limited	203	Zurich Insurance Group's methodology[1]

1 Regarding performance indicators in line with Zurich Insurance Group's methodology, a description of the methodology is included in the relevant sections of the sustainability report.

Where	Assured metric		Assurance degree	Annual report	Framework/Standard
	Table / figures / KPI	Title			
Chapter 5					
Our people: Let's grow together					
	KPI	% of MPS with suppliers that have net-zero targets	Limited	203	Zurich Insurance Group's methodology[1]
	Table 25	Charitable cash contributions	Limited	205	Zurich Insurance Group's methodology[1]
Appendix					
	Table 30	Career level distribution of our workforce	Limited	212	WEF IBC metrics
WEF IBC index					
	KPI	Financial assistance received from the government	Limited	WEF Index table	WEF IBC metrics

1 Regarding performance indicators in line with Zurich Insurance Group's methodology, a description of the methodology is included in the relevant sections of the sustainability report.

7. Independent assurance report

Shape the future with confidence

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the Executive Committee of

Zurich Insurance Group Ltd, Zurich

Zurich, 19 February 2025

Independent Assurance Report on selected Indicators in the Annual Report 2024

We have been engaged to perform assurance procedures to provide limited and reasonable assurance on selected indicators (including GHG emissions) included in Zurich Insurance Group Ltd and its consolidated subsidiaries' (the Group´s) Sustainability Report, integrated in the Annual Report 2024 for the year ended 31 December 2024 (the Report).

Our limited and reasonable assurance engagement focused on selected indicators (including GHG emissions) as presented in Appendix 6.7 - table 32 in the Report.

We did not perform assurance procedures on other information included in the Report, other than as described in the preceding paragraph, and accordingly, we do not express a conclusion or opinion on that information.

Applicable criteria

The Group defined as applicable criteria (the Applicable Criteria):

- Global Reporting Initiative Standards (GRI) complemented by Zurich Insurance Group's methodology for environmental indicators 2024 for indicators listed under 'Reasonable assurance' section in the Appendix. A description of the methodology is available under 'Zurich's path to net-zero operations' at: https://www.zurich.com/sustainability/planet/net-zero-in-operations, 'Overview of operational emissions targets and results'.
- SASB Insurance reporting standard for indicators listed under 'SASB standard indicators' section in the Appendix. The guideline is presented on the SASB webpage at: https://www.sasb.org/standards/download/.
- World Economic Forum's (WEF) Metrics of Sustainable Value Creation for indicators listed under 'WEF IBC metrics' section in the Appendix. The guideline is presented on the WEF webpage at: https://www.weforum.org/stakeholdercapitalism/our-metrics.
- Zurich Insurance Group's own methodology for indicators listed under 'Indicators based on Zurich Insurance Group's own methodology' section in the Appendix. A description of the methodology for these selected indicators is included in the relevant sections of the sustainability indicators as listed in the Appendix.
- Partnership for Carbon Accounting Financials (PCAF) for indicators listed under 'Indicators based on PCAF methodology'. The guideline is presented on the PCAF webpage at https://carbonaccountingfinancials.com/en/standard#a
- Bloomberg GEI methodology for indicators listed under 'Indicators based on Bloomberg GEI framework'. The guideline is presented on the Bloomberg GEI webpage: Companies Take Action on Diversity and Inclusion in Bloomberg's 2023 Gender-Equality Index

Shape the future with confidence

Inherent limitations
The accuracy and completeness of selected indicators (including GHG emissions) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the non-financial matters indicators is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the emissions factors and the values needed to combine e.g. emissions of different gases. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our assurance report should therefore be read in connection with Zurich Insurance Group's Sustainability Report section of the Report, its definitions and procedures on non-financial matters reporting therein.

Responsibility of the Management
The management is responsible for the selection of the Applicable Criteria and for the preparation and presentation, in all material respects, of the selected indicators (including GHG emissions) in accordance with the Applicable Criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the Report that are free from material misstatement, whether due to fraud or error.

Independence and quality control
We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility
Limited assurance:
Our responsibility is to express a conclusion on the selected indicators based on the evidence we have obtained.

Reasonable assurance:
Our responsibility is to express an opinion on the presentation of the selected indicators (including GHG emissions) based on the evidence we have obtained. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Shape the future with confidence

We conducted our limited and reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited and reasonable assurance about whether the selected indicators (including GHG emissions) are free from material misstatement, whether due to fraud or error.

Summary of work performed

Limited assurance:

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the Applicable Criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Group's key personnel to understand the sustainability or non-financial reporting system during the reporting period, including the process for collecting, collating and reporting the indicators and non-financial information
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Applicable Criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Reasonable assurance:

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the Indicators in scope of reasonable assurance. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Indicators in scope of reasonable assurance. In making those risk assessments, we considered internal controls relevant to Zurich Insurance Group's preparation of the Indicators in scope of reasonable assurance.

Shape the future with confidence

Our reasonable assurance procedures included, amongst others, in addition to the procedures listed above for the limited assurance engagement, the following work:

- Site visits (physical or virtual) in selected countries to (visually) inspect operations, perform inquiries and inspect documents on a sample basis
- Testing, on a sample basis, of underlying source information to check the accuracy of the data
- Identification and testing of assumptions supporting calculations
- Evaluation of the overall presentation, structure and content of the environmental disclosures

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Conclusion – limited assurance
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected indicators in the Report of Zurich Insurance Group Ltd have not been prepared, in all material respects, in accordance with the Applicable Criteria.

Opinion – reasonable assurance
In our opinion, the selected indicators (including GHG emissions) in scope of reasonable assurance in the Report of Zurich Insurance Group Ltd are presented, in all material respects, in accordance with the applicable criteria.

Ernst & Young Ltd

Mark Veser
(Qualified Signature)
Executive in charge

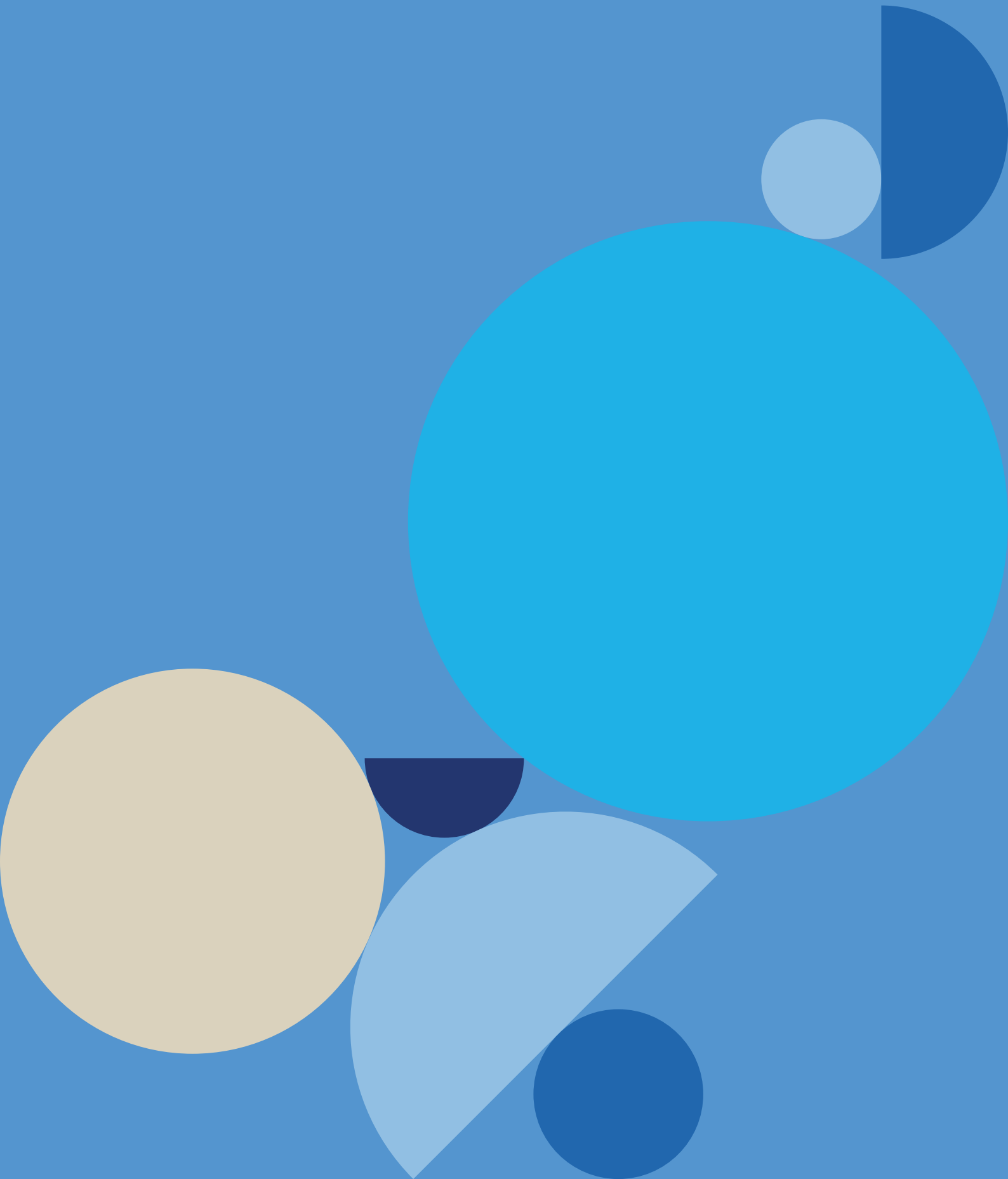
Yana Toengi
(Qualified Signature)
Partner

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

Risk review

226 Risk review

Managing risk means staying ahead of events, while promoting innovative solutions and maintaining financial strength.



Message from our Group Chief Risk Officer

Fostering resilience in a dynamic environment

In 2024, the world around us continued to evolve at an accelerated pace, shaping the Group's risk landscape in sometimes unpredictable ways. Persistent geopolitical tensions, the rapid emergence of new technologies and shifting global dynamics underscored the importance to our customers of enhancing their resilience and innovating responsibly, to thrive not only in the current environment, but in the years to come.

Throughout these turbulent times, Zurich continued to deliver on its strategic objectives and maintained both financial and operational robustness. This persistent strength stems from our deep-rooted experience in navigating volatile conditions. Our risk management system plays a pivotal role in identifying, assessing and managing threats, ultimately allowing us to stay ahead in a changing and uncertain world.

"Risk management cultivates an environment for informed, appropriate risk-taking and resilience, enabling Zurich and its customers to innovate and be ready for the future."

Peter Giger
Group Chief Risk Officer



At Zurich, risk management is more than just a function; it is a cornerstone of our culture. Informed risk-taking requires a thorough understanding of risks and transparency on risk-reward trade-offs. By equipping our employees with the knowledge to take calculated risks within the Group's appetite, we ensure that, in times of change, we protect our capital, liquidity, earnings, reputation and customers. Our Total Risk Profiling™ methodology, a key part of Zurich's Enterprise Risk Management framework, enables us to identify critical risks and focus on what matters. This proactive risk management strategy establishes a robust foundation of resilience for us and our customers, ensuring continued success despite external challenges, even the existential ones like climate change.

Responding to global challenges

Zurich's operational risk landscape in 2024 was shaped by several geopolitical conflicts. That included wars in Ukraine and the Middle East, coupled with persistent tensions in the East and South China Sea. This added to the complexities Zurich and our customers faced, and the necessity to assess business and supply chain resilience. Moreover, some nations turned to protectionist measures, rebalancing trade accounts, striving to reduce their interdependence, potentially disrupting the global balance of power, and risking a division of the global economy into geopolitical blocs.

International dynamics and financial markets struggled with uncertainty. Domestically, many countries grappled with internal destabilization. However, interest rates started to decline, and inflation in many countries approached target levels across most industries.

Promoting innovation

In the face of global challenges, building resilience and managing uncertainty are critical components of our business growth strategy. Guided by the principles of safety, transparency, accountability and reliability, we innovate responsibly to foster sustainable growth while enhancing our customers' experience and delivering value to our stakeholders.

Managing climate transition

Climate models indicate that rising global temperatures contribute to more severe and potentially more frequent extreme weather events. Proprietary insights derived from climate models, alongside actual loss experience, have informed the Group's approach to managing climate transition, as outlined in our recently published climate transition plan. As the climate landscape continues to evolve, we remain vigilant, closely monitoring our exposures and making necessary adjustments.

Strong financial position

Supported by the robust management of risks, in 2024, our financial strength remained at very strong levels (see page 231 for Swiss Solvency Test results), reaffirming our resilience and our ability to support our customers even through uncertain and volatile times.

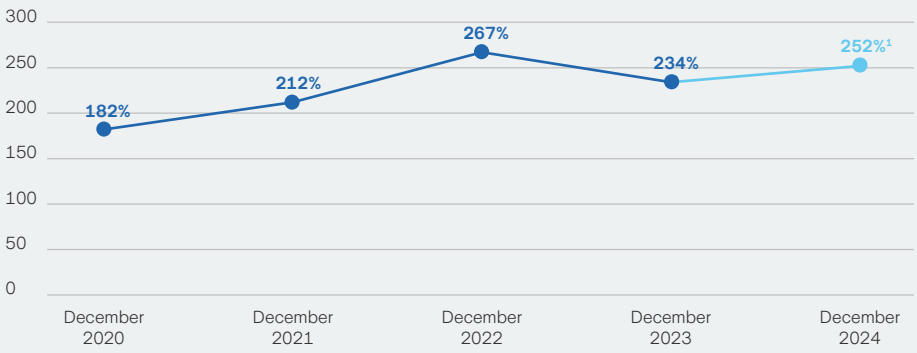


Peter Giger
Group Chief Risk Officer

Development of Swiss Solvency Test (SST) ratio

The Group Swiss Solvency Test (SST) ratio increased to 252 percent as of December 31, 2024 from 234 percent as of December 31, 2023. The development of the SST ratio in 2024 reflects strong underlying capital generation and favorable market movements, partially offset by assumption and model changes.

SST ratio
in %



1 The SST results as of December 31, 2024 are estimated and may differ from the final SST results, which will be presented in the Financial Condition Report at the end of April 2025.

Analysis of Group total risk capital
in %, as of December 31, 2024



Insurance risk	44%
Market risk, including investment credit risk	54%
Other credit risk	2%

Highlights by risk type

Insurance risk

The Group's insurance risk is diversified by geography, line of business, product and customer, supported by our centralized purchase of reinsurance which led to continued sound insurance outcomes in 2024 in the face of natural catastrophes and the inflationary environment.

Read more:
▶ Pages 235–241

Market risk

Required capital held by the Group for investment risk taking decreased slightly during 2024. This was largely driven by improved market conditions, including higher yields and a stronger USD against major currencies. Model and assumption changes contributed to an increase in risk. Market volatilities have remained relatively stable against the prior year. The Group's investment portfolio remains well diversified across risk drivers and geographies.

Read more:
▶ Pages 242–247

Other credit risk

Credit quality remained stable despite challenging macroeconomic and geopolitical conditions.

Read more:
▶ Pages 247–248

Operational risk

Zurich's operational risk management approach enables the Group to focus on high-priority matters under demanding circumstances and to maintain operational risk within acceptable levels.

Read more:
▶ Pages 249–250

Risk review

Contents

Risk management	**227**
Objectives of risk management	227
Enterprise Risk Management framework	227
Risk governance and risk management organization	228
Capital management	**229**
Objectives of capital management	229
Capital management framework	229
Capital management program	229
Risk and solvency assessment	**230**
Regulatory capital adequacy	230
Regulatory solvency regimes	230
Swiss Solvency Test (SST)	231
Insurance financial strength rating (IFSR)	234
Analysis by risk type	**235**
Insurance risk	235
Market risk, including investment credit risk	242
Other credit risk	247
Operational risk	249
Liquidity risk	251
Strategic risk and risks to the Group's reputation	252
Sustainability risk	252

The risk review information marked 'audited' is an integral part of the consolidated financial statements.

Risk management

Audited

The risk review information marked 'audited' is an integral part of the consolidated financial statements.

Audited

Objectives of risk management

Taking and managing risk is an integral part of the insurance business. Zurich takes risks in order to support the achievement of its strategy and serve its customers in global and local markets. Risk management contributes to enhancing the value of Zurich by embedding disciplined and conscious risk taking, where risk-reward trade-offs are transparent and understood, and risks are appropriately rewarded.

The Group's objectives in managing risks are to:

- Support achievement of its business strategy and objectives, and protect capital, liquidity, earnings and reputation by identifying, assessing, responding to, monitoring and reporting risks in line with the Group's risk appetite and tolerance.
- Enable the Board of Directors (the 'Board'), senior management and other stakeholders charged with governance and oversight to discharge their risk management responsibilities, including risk reporting and external disclosures.
- Support transparency in decision-making processes by providing consistent, reliable and timely risk information.
- Embed risk culture by promoting risk awareness, and disciplined and informed risk-taking.

Enterprise Risk Management framework

To achieve its risk management objectives, the Group manages risk according to an established Enterprise Risk Management (ERM) framework, which is comprised of six components: risk governance and risk culture, risk appetite and tolerance, risk identification and risk assessment, risk response, risk monitoring, and risk reporting. The Group's ERM framework is documented by both policy and non-policy documents, including the Zurich Risk Policy (ZRP) and related risk policy manuals, and is complemented by training and guidance materials.

The Group's risk appetite and tolerance statement reflects Zurich's willingness and capacity to take risks in pursuit of value creation and sets boundaries within which the businesses act. Zurich protects its capital, liquidity, earnings, and reputation by monitoring that risks are taken within agreed risk appetite levels and tolerance limits. The Group regularly assesses and, as far as possible, quantifies material risks to which it is exposed.

The ZRP is a Group policy that articulates Zurich's approach to risks and sets mandatory requirements for risk management throughout the Group. The policy describes the Group's ERM framework and provides a standardized set of risk types. Risk-specific policy manuals provide requirements and procedures to implement the principles outlined in the ZRP.

The Group identifies, assesses, manages, monitors and reports risks that have an impact on the achievement of its business strategy and objectives by applying its proprietary Total Risk Profiling™ methodology. This methodology allows Zurich to assess risks in terms of severity and likelihood, and supports the definition and implementation of mitigating actions. At Group level, this is an annual process, followed by regular reviews and updates by management.

To foster transparency about risk, the Group regularly reports on its risk profile at business, Group, and Board levels. The Group has procedures to refer risk topics to senior management and the Board in a timely manner.

The Group's solvency position is disclosed on the basis of the Swiss Solvency Test (SST) ratio. The Group's SST internal model is approved by the Swiss Financial Supervisory Authority (FINMA). Zurich's goal is to maintain capital consistent with a 'AA' financial strength rating for the Group, which translates into an SST ratio target of 160 percent or above.

The Group applies the Zurich Economic Capital Model (Z-ECM) as an internal metric. The Z-ECM provides a key input into the Group's planning process as an assessment of the Group's economic risk profile.

Risk-based remuneration

Based on the Group's remuneration rules, the Board approves the design and structure of remuneration arrangements that support the achievement of strategic and financial objectives, without encouraging inappropriate risk-taking.

Group Risk Management's role in respect of remuneration and its interaction with Board committees is described in the remuneration report.

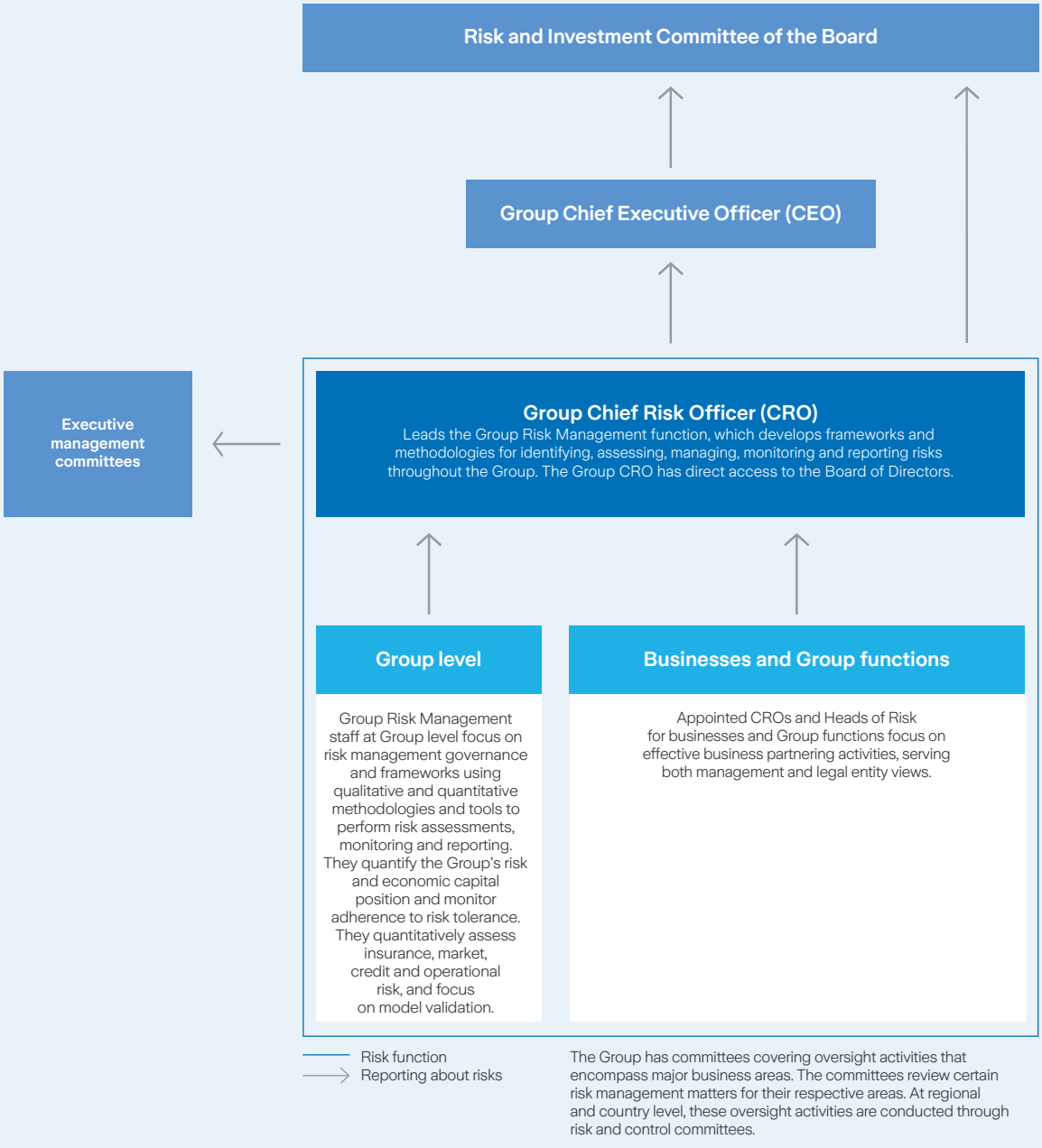
Audited

Risk governance and risk management organization

For information on the Group's overall governance, including the Board and Group executive level, see the corporate governance report (unaudited).

Risk management organization

The Group Risk Management function is a global function, led by the Group Chief Risk Officer (CRO).



The risk function is independent of the business by being a vertically integrated function. Unless otherwise required by local laws or regulations, CROs and Heads of Risk report into the Group CRO, except for the Farmers CRO, who has a matrix reporting line to the Group CRO. They independently challenge, support and advise management on business decisions from a risk perspective.

Capital management

Audited

Objectives of capital management

The Group manages capital to maximize long-term value while maintaining financial strength within its 'AA' target range, and meeting regulatory, solvency and rating agency requirements.

As of December 31, 2024, shareholders' equity based on International Financial Reporting Standards (IFRS) Accounting Standards of USD 25.5 billion and subordinated debt of USD 8.9 billion were part of the capital available in the Group's Swiss Solvency Test (SST) available financial resources (AFR). Further adjustments to derive SST AFR typically include deductions for proposed dividends and share buybacks, goodwill and intangible assets, deferred tax assets and liabilities, as well as the market-consistent valuation of insurance liabilities, which includes market value margin (MVM) and the value of in-force business. The MVM, also known as risk margin, is the cost of future regulatory risk capital stemming from the present portfolio of assets and liabilities.

Zurich strives to simplify the Group's legal entity structure to reduce complexity and increase fungibility of capital.

Capital management framework

The Group's capital management framework forms the basis for actively managing capital within Zurich. The Group uses a number of different capital models, taking into account economic, regulatory, and rating agency constraints. The Group's capital and solvency position is monitored and regularly reported to the Executive Committee (ExCo) and Board of Directors.

Zurich's policy is to allocate capital to businesses earning the highest risk-adjusted returns, and to pool risks and capital as much as possible to operationalize its risk diversification.

The Group's executive management determines the capital management strategy and sets the principles, standards and policies to execute the strategy. Group Treasury and Capital Management executes the strategy.

Capital management program

The Group's capital management program comprises various actions to optimize shareholders' total return and to meet capital needs, while enabling Zurich to take advantage of growth opportunities. Such actions include paying and receiving dividends, capital repayments, share buybacks, issuance of shares, issuance of senior and hybrid debt, securitization and purchase of reinsurance.

The Group seeks to maintain a balance between returns for shareholders and the security that a sound capital position provides, also for its customers. Dividends, share buybacks, and issuances and redemption of debt have a significant influence on capital levels. During 2024, the Group:

- paid a dividend out of retained earnings,
- bought own shares, and
- issued senior and subordinated debt to refinance maturing and callable debt.

The Swiss Code of Obligations stipulates that dividends may only be paid out of freely distributable reserves or retained earnings. Apart from what is specified by the Swiss Code of Obligations, Zurich Insurance Group Ltd faces no legal restrictions on dividends it may pay to its shareholders. As of December 31, 2024, the amount of the statutory general legal reserve was more than 46 times the paid-in share capital. The ability of the Group's subsidiaries to pay dividends may be restricted or indirectly influenced by minimum capital and solvency requirements imposed by insurance and other regulators in the countries in which the subsidiaries operate. Other limitations or considerations include foreign exchange control restrictions in some countries, and rating agencies' methodologies.

For more information on issuances and redemptions of debt, see note 17 of the consolidated financial statements. For more information on acquisitions and divestments, see note 4 of the consolidated financial statements.

Risk and solvency assessment

Audited

Regulatory capital adequacy

The Group endeavors to manage its capital so that its regulated entities meet local regulatory capital requirements. In each country in which the Group operates, the local regulator specifies the minimum amount and type of capital that each of the regulated entities must hold in addition to their liabilities. In addition to the minimum capital required to comply with the solvency requirements, the Group aims to hold an adequate buffer under local solvency requirements to ensure regulated subsidiaries can absorb a level of volatility and meet local capital requirements.

Regulatory solvency regimes

Regulatory requirements in Switzerland

The Swiss Solvency Test (SST) adopts a risk-based and total balance sheet approach. Insurance companies are required to provide a market-consistent assessment of the value of their assets and liabilities. Possible changes to these balance sheet positions are modelled over a one-year period to arrive at the total required capital.

Under the SST, insurance companies and insurance groups can apply to use company-specific internal models to calculate risk-bearing and target capital, as well as the SST ratio. The SST results as per December 31 must be submitted to the Swiss Financial Market Supervisory Authority (FINMA) annually. Zurich filed with FINMA an SST ratio of 234 percent (unaudited) as of December 31, 2023. The Group monitors its solvency position on a regular basis and discloses it quarterly. Zurich met the regulatory solvency requirements in Switzerland throughout 2024.

The estimated SST ratio as of December 31, 2024 stood at 252 percent (unaudited). The final SST ratio as of December 31, 2024 will be filed with FINMA by the end of April 2025 and is subject to review by FINMA.

Regulatory requirements in the European Economic Area (EEA)

The main regulatory framework governing the Group's subsidiaries in the EEA is Solvency II. This is an economic and risk-based framework which covers assets and liabilities valuation as well as capital requirements (pillar 1), governance and risk management (pillar 2), and supervisory reporting and public disclosure (pillar 3). All EEA-based legal entities of the Group use the Solvency II standard formula for their pillar 1 requirements with the exception of Zurich Insurance Europe AG (ZIE), which applies an approved internal model.

Effective January 2, 2024, Zurich Insurance plc moved to Germany, by means of a cross-border conversion under the European Directive on cross-border conversions, mergers and divisions, and changed the name to Zurich Insurance Europe AG (ZIE). The head office move had no material impact on ZIE's organization, customer-facing and business activities in the local markets ZIE operates in.

Starting in 2020, the European Commission has undertaken a review of the Solvency II Directive based on technical advice provided by the European Insurance and Occupational Pensions Authority (EIOPA). The amended text to the Solvency II Directive has been published in the EU Official Journal on January 8, 2025. Member States of the EU must transpose the amending Directive into their national laws by January 29, 2027, and apply the measures from January 30, 2027.

Regulatory requirements in the United Kingdom (UK)

The UK operates under the Solvency UK regime which is tailored to the UK market. The regime has been simplified and allows more flexibility to UK firms while maintaining strong prudential standards. The Solvency UK and Solvency II regimes are still substantially aligned but divergences could be expected over the coming years.

Regulatory requirements in the U.S.

In the U.S., required capital is determined using the National Association of Insurance Commissioners' risk-based capital model. This method, which builds on statutory accounts, measures the minimum amount of capital for an insurance company to support its overall business operations by taking into account its size and risk profile.

Regulatory requirements in other jurisdictions

Every country has a capital standard for insurance companies. Several jurisdictions (e.g., Brazil, Mexico, and Hong Kong) have implemented approaches similar to Solvency II.

Swiss Solvency Test (SST)

SST ratio

The SST ratio is calculated as the Group's SST available financial resources (AFR) divided by the SST target capital (TC). The SST ratio of 252 percent as of December 31, 2024, is well above the Group's SST target of 160 percent. The development of the SST ratio in 2024 reflects strong underlying capital generation and portfolio management actions. Favorable market movements were partially offset by model and assumption changes.

SST available financial resources (AFR)

The Group's AFR are derived from the SST net assets. The net assets represent the difference between the value of assets and liabilities according to the market-consistent valuation methodology under SST.

During 2024, the Group's AFR increased by USD 2.1 billion to USD 36.4 billion as of December 31, 2024, compared to USD 34.3 billion as of December 31, 2023. The main drivers of the AFR increase in 2024 were the strong capital generation and favorable market movements as well as issuance of subordinated debt. Merger and acquisition (M&A) activities decreased the AFR.

SST target capital (TC)

The Group uses an internal risk model to determine the required TC.

The Group's TC as of December 31, 2024 amounted to USD 14.4 billion, a decrease of USD 0.3 billion compared with USD 14.7 billion as of December 31, 2023, driven by a decrease in market risk and insurance risks following M&A activities and favorable market movements. Model and assumption changes increased the TC.

Group Swiss Solvency Test (SST) ratio and underlying components

Table 1

in USD billions	December 31, 2024[1]	December 31, 2023
Total risk capital	19.6	20.1
Other effects on target capital (TC)[2]	(5.2)	(5.4)
Target Capital	**14.4**	**14.7**
Available financial resources (AFR)	**36.4**	**34.3**
Of which Market value margin (MVM)	(3.7)	(4.1)
Group SST ratio	**252%**	**234%**

1 The SST results as of December 31, 2024 are estimated and may differ from the final SST results, which will be presented in the Financial Condition Report at the end of April 2025.
2 Other effects are expected business development over the forecasting horizon, additional business costs and FINMA requirements.

Total risk capital by risk type and business segment

The chart below shows the total risk capital, split by risk type and business segment, as of December 31, 2024, and 2023, respectively. As of December 31, 2024, the largest components of total risk were market risk and premium and reserve risk, comprising 54 percent and 27 percent of the total risk capital, respectively.

The decrease in total risk capital as of December 31, 2024 compared to December 31, 2023 was driven by a decrease in market risk and insurance risks following favorable market movements and impact from portfolio management actions. Model changes partially offset the reduction in total risk capital.

The contribution of the risk types as of December 31, 2024 remained relatively unchanged compared to December 31, 2023.

Total risk capital, split by risk type and business segment

December 31, 2024
in %



Business segments

P&C segment	57%
Life segment	40%
Other segments	3%

Risk types

Market risk	54%
Premium & reserve risk	27%
Business risk	7%
Life insurance risk	4%
Natural catastrophe risk	6%
Other credit risk	2%

December 31, 2023
in %



Business segments

P&C segment	55%
Life segment	42%
Other segments	3%

Risk types

Market risk	54%
Premium & reserve risk	26%
Business risk	7%
Life insurance risk	5%
Natural catastrophe risk	6%
Other credit risk	2%

Audited

Methods and assumptions used in the SST sensitivity analysis

The use of SST sensitivities for assessing the nature and extent of risks arising from insurance contracts is deemed appropriate as the SST represents a comprehensive framework that takes into account the interdependencies between risks and is used by the Group to assess and manage risks.

The sensitivity analysis provides information on how the Group's SST available financial resources (AFR) and solvency ratio are affected by changes in risk variables. The SST AFR and solvency ratio sensitivities are presented before tax and net of external reinsurance.

The SST AFR and related sensitivities are evaluated as instantaneous market or insurance shocks. All elements of the economic balance sheet and the required capital sensitive to a market or insurance parameter shock are recalculated. For example, values of all balance sheet and risk components change in the event of foreign exchange moves of 10 percent. However, in the event of a shock to equity markets, the Property & Casualty (P&C) net insurance liabilities and risks remain constant.

To assess the SST AFR and ratio sensitivities, the SST balance sheet positions are fully revalued under the specific shock scenarios. Each instrument is revalued separately, taking relevant product features into account. Non-linear valuation effects, where they exist, are reflected in the calculations. Valuation of the insurance liabilities under the shock scenarios is based on the replicating portfolios representing the insurance liabilities in the SST market risk model. Life business replicating portfolios are portfolios of assets that replicate the cash flows or present values of the life insurance liabilities under stochastic scenarios from the local life valuation models, according to the methodology approved by FINMA. The replicating portfolios are calibrated to match dependencies of life insurance liabilities on financial market developments in respect of interest rates, equity and property. The options and guarantees of the underlying life insurance liabilities are captured through inclusion of options in the replicating portfolios. The P&C replicating portfolios are represented by zero coupon bonds and are sensitive to interest rate shocks.

Audited

The SST required capital and market value margin (MVM) are fully recalculated using parameters of a market shock as input to the risk calculations and taking into account impact of the market parameters on the base exposure, e.g., impact of the interest rate shocks on the insurance risk is reflected via revaluation of the risk exposure due to discounting effect.

In calculating the impact of a shock on the SST AFR and ratio, insurance liabilities' replicating portfolios, risk exposure (where not dependent on market parameters), and model parameters remain unchanged from the base case.

The SST AFR and related sensitivities aim to provide Zurich's investors with guidance on how its AFR and solvency ratio would move in a different economic environment. Such shocks are linear, and they are a simplified representation of reality as the various market parameters never move in isolation or in sync within the same market class (e.g., equites).

Sensitivity and scenario analysis

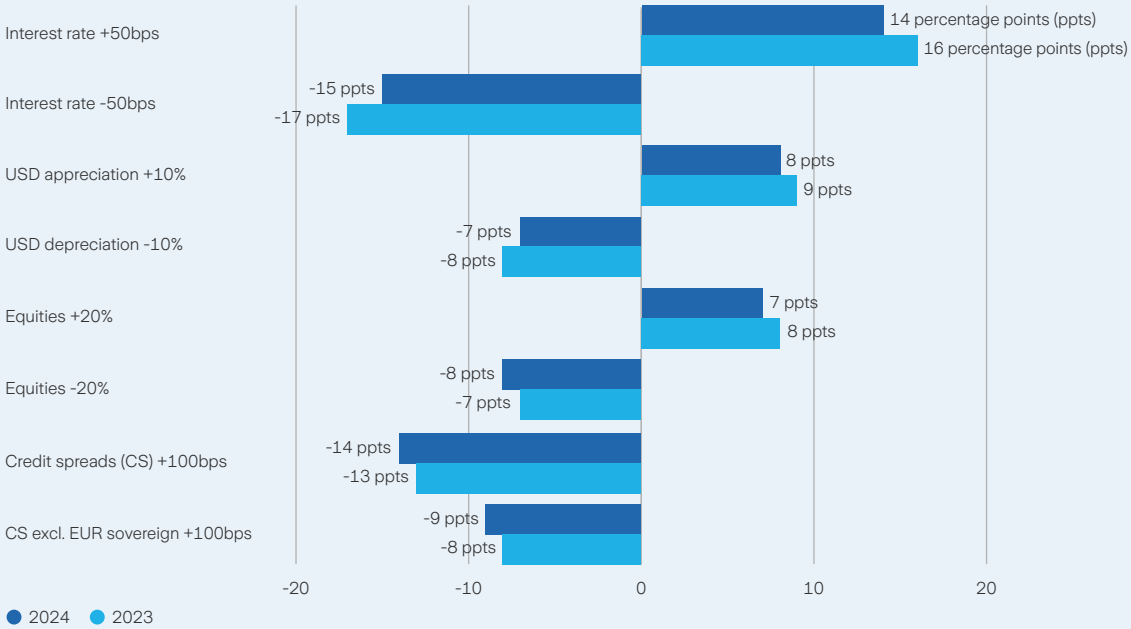
The Group evaluates sensitivities to, and stress scenarios on, the SST ratio, and assesses results relative to Zurich's risk appetite and tolerance. The sensitivities in the chart below capture impact on the Group SST ratio due to sensitivities to financial market movements.

Market risk sensitivities show the estimated impact on the Group's SST ratio of a half percentage-point (50 basis points, or bps) increase or decrease in yield curves, a 10 percent appreciation or depreciation in the U.S. dollar, a 20 percent rise or decline in all stock markets, and a 100 bps increase in credit spreads, with and without euro-denominated sovereign bonds. The sensitivities are considered as separate but instantaneous shocks. They are a best estimate and non-linear, for example, a change to the size of the market movement could result in disproportionally higher or lower impact on the SST ratio depending on the prevailing market conditions at the time.

SST sensitivities

as of September 30[1]

Impact on the SST ratio due to sensitivities to financial market conditions:[2]



1 Base ratio and sensitivities as of September 30, 2024 are calculated reflecting the Chile Life annuity transaction completed in the fourth quarter of 2024. Base ratio and sensitivities as of September 30, 2023 are calculated reflecting the separation of the legacy traditional back book in Germany.
2 Sensitivities are best estimates and reflect the impact on the pension plans in the UK. For the interest rate sensitivities, shocks are applied to the liquid part of the yield curve. Credit spreads (CS) include mortgages, including and excluding euro sovereign spreads. CS sensitivities of available capital include changes to the volatility adjustment applied to interest rate curves.

Audited

Insurance financial strength rating (IFSR)

Zurich reached the top of the league table of European peers for its financial strength rating across the three rating agencies with which it had interactive relations in 2024, following upgrades by Moody's and AM Best.

The insurance financial strength rating (IFSR) of the Group's main operating entity, Zurich Insurance Company Ltd (ZIC), is an important indicator of Zurich's competitive position, while the Group's credit ratings also affect the cost of debt capital.

ZIC's Moody's rating was upgraded to 'Aa2' from 'Aa3' in September 2024 as a reflection of the "Group's track record of strong and stable earnings along with its conservative risk and capital management, which support the Group's balance sheet resilience and enhance its financial flexibility".

In November 2024, ZIC's AM Best Long-Term Issuer Credit Rating (ICR) was upgraded to 'aa' from 'aa–' as a result of "continued resilience of the Group's balance sheet strength, underpinned by excellent financial flexibility, and strong operating returns from its diverse profit centers". AM Best's Financial Strength Rating, which is on a less granular scale, is at 'A+ (Superior)'.

S&P's IFSR remained at the 'AA' level.

As of January 2025, the IFSR of ZIC was 'AA/Stable' by S&P Global Ratings, 'Aa2/Stable' by Moody's, and 'A+ (Superior)/Stable' by AM Best. The AM Best ICR was 'aa/Stable'.

Analysis by risk type

Audited

Insurance risk

Insurance risk is the risk of deviations from what is expected in the timing, frequency or severity of insured events, leading to loss, including adverse change in the value of insurance liabilities (Life and Property & Casualty (P&C)). This may result from inherent uncertainty of insured events or losses, inadequate or ineffective underwriting or accumulation management, inappropriate product development, pricing, claims management, reserving or reinsurance. The profitability of insurance business is also susceptible to business risk in the form of unexpected changes in expenses, policyholders' behavior, and fluctuations in new business volumes. Zurich manages insurance risk through:

- Specific underwriting and claims standards and controls
- Robust reserving processes
- External reinsurance

Property & Casualty (P&C) insurance risk

P&C insurance risk arises from coverage provided for motor, property, liability, special lines and worker injury. It comprises premium and reserve (P&R) risk, catastrophe risk, and business risk. P&R risk covers uncertainties in the frequency of the occurrence of the insured events as well as in the severity of the resulting claims. Catastrophe risk predominantly relates to uncertainty around natural catastrophes. Business risk predominantly relates to unexpected increases in the expenses relating to claims handling, underwriting, and administration.

Management of Property & Casualty (P&C) insurance risk

The Group's underwriting strategy takes advantage of the diversification of property and casualty risks across lines of business, customers and geographic regions. Zurich defines Group-wide governance for insurance risk including for new products. Underwriting discipline is a fundamental part of managing insurance risk. The Group sets limits on underwriting capacity and delegates authority to individuals based on their specific expertise and sets appropriate underwriting and pricing guidelines. Technical reviews assure that underwriters perform within authorities and adhere to underwriting policies.

P&C insurance reserves are regularly estimated, reviewed and monitored by qualified and experienced actuaries at local, regional and Group levels. To arrive at their reserve estimates, the actuaries take into consideration, among other things, the latest information regarding loss payments, as well as related trends and patterns.

Economic inflation has generally softened during 2024; however, it continues to pose challenges in some areas, including motor portfolios. Inflation is monitored with insights feeding into actuarial reserving models as well as Zurich's underwriting processes and pricing, and the monitoring of and response to loss trends are a key focus. Additionally, the potential increase in litigation abuse is a risk that the Group closely follows. The Group's existing risk management and governance processes continue to monitor and respond to developments in the environment. Several actions related to inflation, identified through the Group's Total Risk Profiling™, have been implemented, including the enhancement of virtuous circle discussions. Moreover, measures beyond rate changes, such as in claims and portfolio management, continue.

Additionally, there is a concerted effort to foster communication between functions that extends beyond inflation challenges. To ensure a common understanding of business insights and new trends for reserve analysis, financial plans, underwriting and pricing decisions, the Group has established a culture of continuous cross-functional collaboration. For this, underwriting, actuarial (pricing and reserving), claims, finance, sales and distribution, risk engineering and risk management contribute to quarterly meetings at local and Group levels.

Zurich's Emerging and Sustainability Risk Committee (ESRC) – with cross-functional expertise from core insurance functions such as underwriting, claims and risk management – identifies, assesses and recommends actions for emerging risks.

Governance is in place to ensure appropriate focus on top-line targets and profitability. Reinsurance is deployed to help manage insurance risk. Group Risk Management also provides independent assurance through risk reviews.

The Group is exposed to losses that could arise from natural and man-made catastrophes. The main concentrations of risks arising from such potential catastrophes are regularly reported to executive management.

Audited

Natural catastrophes

The Group uses third-party models, adjusted to Zurich's view, to manage its underwriting, monitor accumulations relative to intended exposure limits, and assess the capital requirement for natural catastrophes. Consistent with this view on natural catastrophes, Zurich performs profitability assessments and strategic capacity allocations, which inform the type and quantity of reinsurance it buys.

To ensure global consistency, exposures to natural catastrophes are modeled by a dedicated Group function. Potential losses from property, engineering, motor and marine policies with material exposure in hazard-prone geographical areas are probabilistically modeled, as are worker injury policies with material exposure in U.S. seismic zones. Where material, losses for other lines of business are estimated based on adjustments to these modeled results. Risk modeling mainly addresses weather-induced perils such as wind, flood, tornado, and hail, and geologically-induced perils such as earthquake. The most important peril regions for natural catastrophes are North Atlantic hurricane, California earthquake and European windstorm.

Zurich regularly reviews and expands the scope and sophistication of its modeling and strives to improve data quality. Zurich continues to invest in a diversified, multi-vendor-based catastrophe modeling ecosystem and in expanding its catastrophe research and development capabilities to complement existing expertise in natural catastrophe risk management. This applies for example to a shifting risk landscape due to climate change.

Zurich supplements internal know-how with external knowledge (e.g., the Advisory Council for Catastrophes) and is a shareholder of PERILS AG, Switzerland, a catastrophe exposure and loss data aggregation and estimation firm. Zurich is a governor sponsor of the Global Earthquake Model (GEM) Foundation and is also a member of the open-source initiative, Oasis Loss Modelling Framework.

For further details on the integration of climate risks into Zurich's modeling approach, refer to the section 'managing risks from climate-related natural catastrophes' in the Group's sustainability report (unaudited). For more information on the assessment of the resilience of Zurich's business model to potential climate risks beyond the financial cycle, refer to the section 'portfolio level, scenario-based climate risk analysis' of the Group's sustainability report (unaudited).

Man-made catastrophes

Man-made catastrophes include events such as industrial accidents, terrorism and cyber-attacks. For terrorism, worker injury and property risk exposures are analyzed to identify areas with significant risk concentration. Other lines of business are assessed, although the potential exposure is not as significant. An internal scenario model is used to evaluate potential exposures in every major U.S. city. The Group's analysis for the P&C business has shown that its exposures outside of North America are lower, in a large part due to government-provided pools. Outside the modeled areas, exposure concentrations are identified in Zurich's Risk Exposure Data Store (REDS). Exposure concentrations for location-based man-made scenarios, other than terrorism, are also identified in REDS, for example, industrial explosions at global ports.

The Group uses third-party and internally developed models through a dedicated Group function to manage its underwriting and accumulations for cyber and casualty catastrophe risks. The Group actively monitors and manages its cyber exposure, assessing accumulations against intended limits, and continues to refine products to ensure their appropriateness. Improving modeling capabilities and data quality for cyber and casualty catastrophe risks remain key focus areas.

Concentration of Property & Casualty (P&C) insurance risk

The Group defines concentration risk in the P&C business as the risk of increased losses resulting from exposure aggregation. Concentration risk for a P&C insurer may arise due to a concentration of business written within a geographical area or of underlying risks covered.

The P&C business segment constitutes the largest overall allocation of risk capital, with U.S. and Caribbean hurricane consuming the most risk capital in terms of SST ratio sensitivity.

The relative significance of premium and reserve (P&R) risk (unaudited) marginally increased from 26 percent of the total SST risk capital as of December 31, 2023, to 27 percent as of December 31, 2024.

The relative significance of natural catastrophe risk (unaudited) has remained stable at 6 percent of the total SST risk capital as of December 31, 2023, and 2024, respectively. However, some portfolio actions and the reduction of exposure in high accumulation zones have led to a more favorable view on U.S. hurricane and California earthquake.

Audited

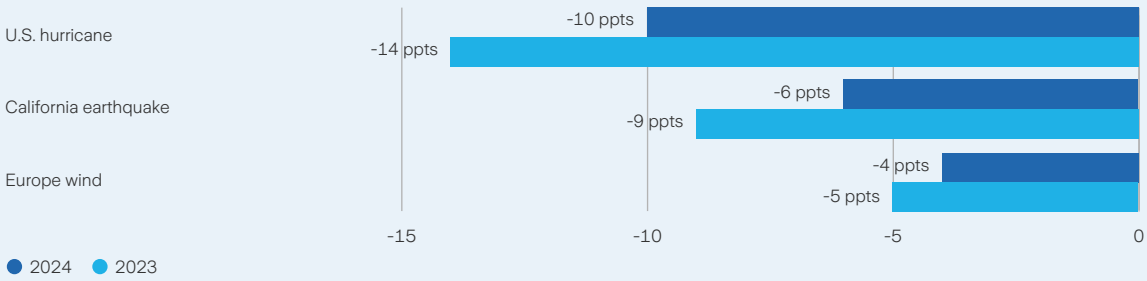
For more information about the Group's P&C business by geographic region, using International Financial Reporting Standards (IFRS) Accounting Standards as a basis, see the segment information in note 26 of the Group's consolidated financial statements as of December 31, 2024.

Analysis of sensitivities for Property & Casualty (P&C) risks

The chart below shows the three largest natural catastrophe events to which the Group is exposed. Insurance risk scenarios are defined as events that have a small probability of occurring but could, if realized, negatively affect the Group's SST ratio. The impact of insurance-specific scenarios on the target capital is not taken into account.

SST P&C-specific scenarios
as of September 30

Impact on the SST ratio due to P&C risk-specific scenarios:[1]



1 Scenario impact comparable to the modeled 250-year net occurrence loss for the respective peril (equivalent to a 99.6 percent probability of non-exceedance.)

Tables 2.a and 2.b show the sensitivity of net income before tax and net assets based on IFRS Accounting Standards, using the Group effective income tax rate, as a result of adverse development in the net loss ratio by one percentage point. The sensitivities do not indicate the probability of such an event and do not consider any non-linear effects of reinsurance. Based on the assumptions applied in the sensitivity analysis in tables 2.a and 2.b, each additional percentage-point increase in the loss ratio would have a linear impact on net income before tax and net assets.

The Group also monitors insurance risk by evaluating extreme scenarios, taking into account the non-linear effects of reinsurance contracts.

For further information about the development of net insurance losses by financial year, see note 7 of the Group's consolidated financial statements.

Insurance risk sensitivity for the Property & Casualty business – current period

Table 2.a

in USD millions, for the year ended December 31, 2024	Europe, Middle East & Africa	North America	Asia Pacific	Latin America	Reinsurance	Total[2]
+1% in loss ratio[1]						
Net income before tax	(187)	(210)	(38)	(32)	(8)	(448)
Net assets	(140)	(157)	(28)	(24)	(6)	(335)

Insurance risk sensitivity for the Property & Casualty business – prior period

Table 2.b

in USD millions, for the year ended December 31, 2023	Europe, Middle East & Africa	North America	Asia Pacific	Latin America	Reinsurance	Total[2]
+1% in loss ratio[1]						
Net income before tax	(172)	(206)	(34)	(28)	(8)	(423)
Net assets	(129)	(155)	(26)	(21)	(6)	(317)

1 The 1 percent change in net loss ratio is defined as a 1 percent change in the insurance revenue.
2 Total is inclusive of consolidation eliminations.

Audited

Life insurance risk

The risks associated with Life insurance include:

Life liability risk

- Mortality risk: when, on average, the death incidence among policyholders is higher than expected.
- Longevity risk: when, on average, annuitants live longer than expected.
- Morbidity risk: when, on average, the incidence of disability due to sickness or accident among policyholders is higher than expected, or recovery from disability is lower than expected.

Life business risk

- Policyholder behavior risk: when, on average, policyholders discontinue or reduce contributions, or withdraw benefits prior to the maturity of contracts at a rate that is different from expected.
- Expense risk: when expenses incurred in acquiring and administering policies are higher than expected.
- New business risk: when volumes of new business are insufficient to cover fixed acquisition expenses.

Market risk

- Market risk: the risk associated with the Group's balance sheet positions where the value or cash flow depends on financial markets, which is analyzed in the 'market risk, including investment credit risk' section.

Credit risk

- Credit risk: the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations, which is analyzed in the 'market risk, including investment credit risk' and 'other credit risk' sections.

Management of Life insurance risk

The Group's Life underwriting results are based on the assumptions relating to life insurance risks. The actual experience may differ to that expected at the time of writing the business. For example, mortality could be either higher or lower than anticipated due to an unexpectedly harsh or benign flu season.

To understand the potential impact of experience differing from expectations, Zurich uses models to perform sensitivity analyses. The impact of changing the assumptions is considered under different scenarios across the risk types and products. Changes relating to absolute level and trend development in assumptions are considered by product category. For example, Zurich looks at the impact of an increase in morbidity rates for protection products or changes in the level and trend of longevity for annuity products. These analyses assist in understanding how sensitive the business is to changes in various assumptions and where there are benefits of having a diversified portfolio of risks and products. Changes in the same assumption can have a positive impact on one product and a negative impact on another. For example, people living longer than expected may have a positive impact on products that offer life cover, as claims are then paid later than expected, but could have a negative impact on annuity products as payments are made for longer than expected. At Zurich, Life liability risks are managed through established processes with requirements described in the Zurich Risk Policy (ZRP).

The Group has local product development and approval committees and a Group-level committee to review potential new life products that could significantly increase or change the nature of the risks or introduce new risks. The Group also regularly reviews the continued suitability and the potential risks of existing life products open to new business to ensure sustainability of the business.

Product pricing involves setting assumptions relating to life insurance risks. Local teams have the responsibility for the pricing of the products in line with the experience and emerging trends observed in each market. The emerging experience is regularly monitored and compared against expectations. Where permitted, premiums are adjusted for factors such as age, gender, and health-related conditions to reflect the corresponding risks. Policy terms and conditions and disclosure requirements are designed to mitigate the risk arising from non-standard and unpredictable risks that could result in a severe financial loss.

The underwriting process forms an important part of risk management and risk selection for life insurance risks. This process is supported through setting standards in the ZRP and providing support through additional underwriting guidelines.

Where required and appropriate, life insurance risks are also managed using reinsurance.

Audited

Unit-linked products are designed to reduce much of the market and credit risk associated with the Group's traditional business offerings. Risks that are inherent in these products are largely passed on to the policyholder, although a portion of the Group's management fees is linked to the value of funds under management, and hence is at risk if fund values decrease. Contracts may have minimum guaranteed death benefits where the sum at risk depends on the fair value of the underlying investments. Other life insurance liabilities include conventional life insurance products, such as protection and life annuity products.

Protection products (including disability products) provide benefits linked to policyholders' life and health and mainly carry mortality and morbidity risks. Changes in, and availability of, medical treatments and lifestyle changes are among the most significant factors that could result in earlier or more claims than expected or customers claiming for longer than expected. The risk selection process is informed by medical, lifestyle and financial parameters of applicants. Access to health information can potentially be restricted through regulation or undocumented health results. Advancements in biological and genetic testing may give individuals health information inaccessible to insurers. This in turn could lead to an inability to reflect the true risk profile in pricing products, adverse claims experience and a reduced product offering. Disability, when defined in terms of the ability to perform an occupation, could also be affected by adverse economic conditions. This impact could come through, for example, an increase in claims relating to mental health conditions triggered by an economic downturn.

Life annuity products provide benefits that are paid to the customer either for a certain number of years, or until they die. Therefore, these products carry longevity risk as people living longer than expected can have a material impact on these products. Medical advances and improved social conditions that lead to increased longevity are significant risk drivers for these products. Annuitant (beneficiary) mortality assumptions include allowance for future mortality improvements. The trends in mortality improvements are monitored to ensure that changes in experience are considered. The exposure to longevity risk at a Group level is measured regularly and compared against the limit set by the Group.

The Group is exposed to risks posed by policyholder behavior and fluctuating expenses. These are mitigated by designing products that, as closely as possible, match revenue and expenses associated with the contract.

The Group is also exposed to investment and surrender risks related to bank-owned Life insurance contracts sold in the U.S. See heading 'other assets at amortized cost' in note 5 of the consolidated financial statements for more information.

In the past, low interest rates have led to an increase in both Life business risks and Life liability risks (especially longevity risk). Furthermore, interest rate guarantees (with concentration in traditional guaranteed business in Germany and Switzerland) expose Zurich to financial losses that may arise as a result of adverse movements in interest rates combined with potential increases in policyholders surrendering their policies. These guarantees are managed through a combination of asset-liability management and hedging.

The Group has a dynamic hedging strategy to reduce the investment risk associated with the closed book of variable annuities written by its U.S. subsidiary, Zurich American Life Insurance Company.

Higher than expected inflation could affect Life insurance business through, for example, customer affordability issues and reduced demand. The expenses to administer Life insurance business could be higher than expected, leading to higher product expense loads. This could result in a combination of higher customer premiums and reduced profitability. Potential actions to manage the effects of higher-than-expected inflation include assumption updates, customer behavior monitoring, product reviews, as well as design and customer retention initiatives.

Diversification across regions and businesses, as further described, contributes to reducing the impacts of the risks associated with the Life business described above.

Concentration of Life insurance risk

The Group defines concentration risk in the Life business as the risk of increased losses resulting from exposure aggregation. Concentration risk for a life insurer may arise with respect to investments in a geographical area, economic sector, or individual issuers, or due to a concentration of business written within a geographical area, of a product type, or of underlying risks covered. The Group's exposure to life insurance risks varies significantly by geographic region and line of business and may change over time.

In respect of the Life liability risk profile, on a non-diversified basis, mortality risk accounts for almost half, concentrated predominantly in the EMEA region, morbidity risk accounts for over one third, with roughly equal concentrations in the APAC and EMEA regions, and longevity risk accounts for approximately a fifth, concentrated predominantly in the EMEA region.

Audited

In respect of the Life business risk profile, on a non-diversified basis, lapse up risk accounts for almost three quarters, concentrated predominantly in the EMEA region, expense risk accounts for approximately one fifth, concentrated predominantly in the EMEA region, and lapse down risk accounts for less than a tenth, with roughly equal concentrations in EMEA and APAC regions.

For more information about the Group's concentration of risk within the Life business by geographic region, on an International Financial Reporting Standards (IFRS) Accounting Standards basis, see the segment information in note 26 of the consolidated financial statements as of December 31, 2024.

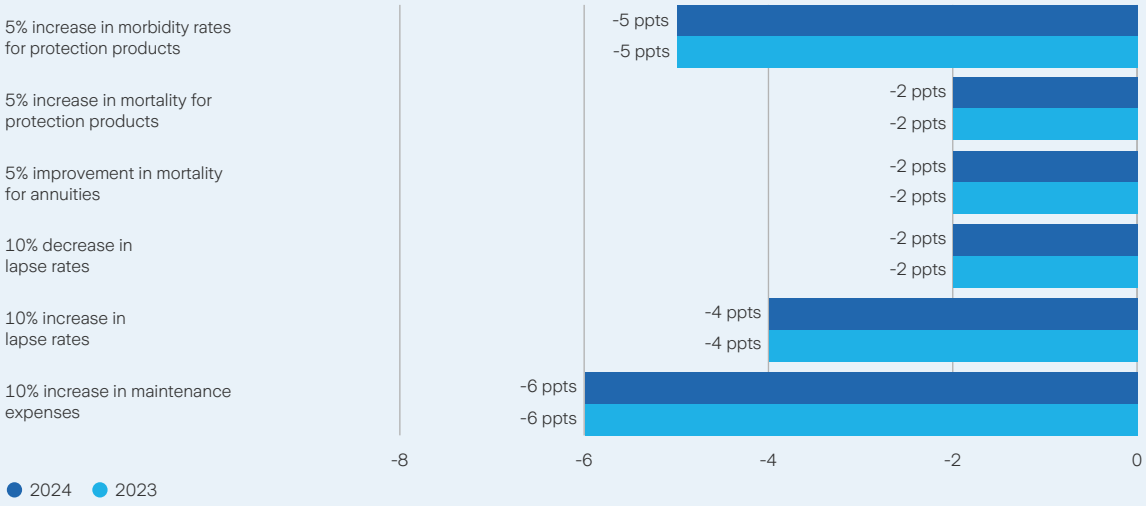
Analysis of sensitivities for Life insurance risks

The chart below shows the sensitivity of the SST ratio to changes in the key risk drivers.

SST life-specific scenarios

as of September 30

Impact on the SST ratio due to Life risk-specific scenarios:[1, 2]



1 SST ratios under sensitivities do not include recalculated target capital under the scenarios.
2 Sensitivities are calculated analogous to those sensitivities used to calculate SST Risk Capital. For increased and decreased lapse rate sensitivities, only policies for which there is a reduction in the available capital due to the change in lapse rate, are subjected to the sensitivity and contribute to the change in the SST ratio shown. Policies which will show an increase in available capital due to the change in lapse rate, are not considered in the respective sensitivities and do not contribute to the change in SST ratio shown.

Reinsurance for Property & Casualty (P&C) and Life businesses

The Group's objective in purchasing reinsurance is to provide market-leading capacity for customers while protecting the balance sheet, supporting management of earnings volatility, and achieving capital efficiency. In addition, reinsurance supports the Group underwriting strategy and risk appetite. The Group follows a centralized reinsurance purchasing strategy for both P&C and Life, and bundles programs, where appropriate, to benefit from diversification and economies of scale. To align country capacity with the Group's risk appetite and tolerance, internal reinsurance is applied.

The Group has specific facultative P&C reinsurance facilities to actively manage and reduce potential claims-recovery risks on facultative cessions and to support the strategy on operational excellence.

The Group uses traditional and collateralized reinsurance to protect itself against extreme single events, multiple event occurrences across regions, and increased frequency of events.

The Group participates in the underlying risks through its retention and co-participation in excess layers. The Group reviews its reinsurance programs on an annual basis to reflect its risk appetite and market conditions.

A global property catastrophe program is in place and includes both regional and global capacity as well as both annual and multi-year capacity.

To complement existing treaties, the Group purchases catastrophe reinsurance specific to life insurance for its exposure to natural and man-made catastrophes.

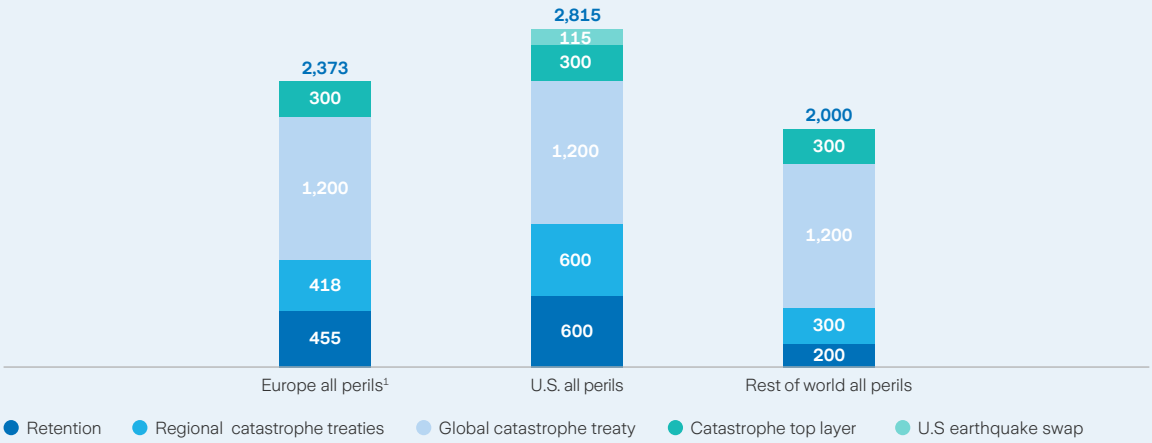
Audited

While property catastrophe and property per risk treaties continue to face pricing pressure, this has somewhat eased for property catastrophe treaties, particularly for most extreme events. When it comes to liability, reinsurers remain concerned about U.S. casualty risk. While reinsurance capacity is generally accessible, reinsurers are selectively deploying their capacity to the best and most sophisticated insurance companies.

Strategic partnerships and long-term relationships continue to provide an effective path for Zurich to execute on its reinsurance strategy.

Zurich follows a strategy of diversification of reinsurance placements in order to manage its counterparty exposure. The Group's reinsurance counterparty exposure as of December 31, 2024 was within the Group's risk tolerance. For further information on these counterparty limits, refer to section 'other credit risk'.

Group catastrophe reinsurance protection
as of July 1, 2024 (in USD millions)



1 Calculated with EUR/USD exchange rate of EUR 1 = USD 1.0715 as of July 1, 2024.

Audited

Market risk, including investment credit risk

Market risk relates to the possibility of loss of value due to changes in financial market conditions.

Risk factors include:

- Equity market price changes
- Real estate market price changes
- Interest rate changes
- Credit and swap spread changes
- Defaults of issuers
- Changes in currency exchange rates

The Group manages the market risk of assets relative to liabilities on an economic total balance sheet basis. This is done to achieve the maximum risk-adjusted excess return on assets relative to the liability benchmark, while also taking into account the Group's risk tolerance and local regulatory constraints.

The Group has policies and limits to manage market risk and keep its strategic asset allocation in line with its risk capacity. Zurich centrally manages certain asset classes to control aggregation of risk and provides a consistent approach to constructing portfolios and selecting external asset managers. It diversifies portfolios, investments and asset managers, and regularly measures and manages market risk exposure. The Group defines limits on concentration of investments in single issuers and certain asset classes, as well as the degree to which asset interest rate sensitivities may deviate from liability interest rate sensitivities. The Group regularly reviews its capacity to hold illiquid investments.

The Asset/Liability Management Investment Committee reviews and monitors the Group's strategic asset allocation and tactical boundaries, and monitors Group asset/liability exposure. The Group oversees the activities of local asset/liability management investment committees and regularly assesses market risks at both Group and local business levels. The economic effect of potential extreme market moves is regularly examined and considered when setting the asset allocation.

Risk assessment reviews include the analysis of the management of interest rate risk for each major maturity bucket and adherence to the aggregate positions with risk limits. The Group follows processes to manage market risks and to analyze market risk hotspots. Actions to mitigate risks are taken, if necessary, to manage fluctuations affecting asset/liability mismatch and risk-based capital.

The Group may use derivative financial instruments to mitigate market risks arising from changes in currency exchange rates, interest rates and equity prices, from credit quality of assets, and from commitments to third parties. The Group enters into derivative financial instruments mostly for economic hedging purposes and, in limited circumstances, the instruments may also meet the definition of an effective hedge for accounting purposes.

In compliance with Swiss insurance regulation, the Group's policy prohibits speculative trading in derivatives, meaning a pattern of so-called 'in-and-out trading' activity without any reference to an underlying position. The Group addresses the risks arising from derivatives through a stringent policy that requires approval of a derivative program before transactions are initiated, and by subsequent regular monitoring by Group Risk Management of open positions and annual reviews of derivative programs.

For more information on the Group's investment result, including the treatment of selected financial instruments, see note 5 of the consolidated financial statements. For more information on derivative financial instruments and hedge accounting, see note 6 of the consolidated financial statements. For more information on the development of expected credit loss allowance by type of financial asset, see note 23 of the consolidated financial statements.

Audited

Risk from equity securities and real estate

The Group is exposed to risks from price fluctuations on equity securities and real estate. These could affect the Group's liquidity, reported income, economic surplus and regulatory capital position. Equity risk exposure includes common stocks (including equity unit trusts), private equity, common stock portfolios backing participating-with-profit policyholder contracts, and equities held for employee benefit plans. Exposure to real estate risk includes direct holdings in property and property company shares and funds. Returns on unit-linked contracts, whether classified as insurance or investment contracts, may be exposed to risks from equity and real estate, but these risks are borne by policyholders. The Group is however indirectly exposed to market movements from unit-linked contracts with respect to both earnings and economic capital; market movements affect the amount of fee income earned when the fee income level is dependent on the valuation of the asset base. Therefore, the value of in-force business for unit-linked business can be negatively affected by adverse movements in equity and real estate markets.

The Group manages its risks related to equity securities and real estate as part of the overall investment risk management process and applies limits as expressed in policies and guidelines. Specifically, Zurich limits holdings in equities, real estate and alternative investments. To realize an optimal level of risk diversification, the strategy for equities is defined through a composite of market benchmark indices. The Group has the capability and processes in place to change the exposure to key equity markets via the use of derivatives, or purchase or sale of securities within a short time frame.

For additional information on equity securities and investment property, see note 5 of the consolidated financial statements.

Risk from interest rates and credit spreads

Interest rate risk is the risk of an adverse economic impact resulting from changes in interest rates, including changes in the shape of yield curves. Yield curve changes affect the value of interest rate-sensitive investments and derivatives as well as the fair value of insurance liabilities. Other balance sheet items, such as liability investment contracts, debt issued by the Group, commercial and residential mortgages, employee benefit plans, loans and receivables, are also affected.

The Group manages credit spread risk, which is the variation in economic value due to changes in the level or the volatility of credit spreads over the risk-free interest rate. Movements of credit spreads are driven by several factors including changes in expected default probability, default losses, risk premium, liquidity and other effects.

Returns on unit-linked contracts, whether classified as insurance or investment contracts, are at the risk of the policyholder; however, the Group is exposed to fluctuations in interest rates and credit spreads insofar as they affect the amount of fee income earned if the fee income level is dependent on the valuation of the asset base.

Audited

Analysis of market risk sensitivities for interest rate, equity and credit spread risks

Group SST available financial resources sensitivities

The following section presents the sensitivities of Group available financial resources (AFR) under SST assumptions with respect to certain standard financial market scenarios.

The SST AFR impact – the difference between the impact on Group SST assets and liabilities – represents the economic risk related to changes in market risk factors to which the Group is exposed. Positive values represent an increase in the SST AFR, and values in parentheses represent a decrease.

SST AFR sensitivities are shown split by segment. The heading 'Rest of the business' includes Farmers, Group Finance and Operations, and Non-Core Businesses.

Analysis of economic sensitivities for interest rate risk

Table 3 shows the estimated impact on SST AFR of a 50 basis point (bps) increase or decrease in yield curves after consideration of hedges in place.

Economic interest rate sensitivities on SST AFR

Table 3

in USD millions, as of September 30	2024	2023
50 bps increase in the interest rate yield curves		
Property & Casualty	(91)	(88)
Life	250	260
Rest of the business	80	61
50 bps decrease in the interest rate yield curves		
Property & Casualty	87	109
Life	(356)	(410)
Rest of the business	(87)	(62)

Audited

Analysis of economic sensitivities for equity risk

Table 4 shows the estimated impact on SST AFR from a 20 percent decline in stock markets, after consideration of hedges in place.

Economic equity price sensitivities on SST AFR

Table 4

in USD millions, as of September 30	2024	2023
20% decline in stock markets		
Property & Casualty	(1,356)	(1,183)
Life	(1,464)	(1,168)
Rest of the business	(71)	(81)

Analysis of economic sensitivities for credit spread risk

Table 5 shows the estimated impact on SST AFR from a 100 basis point increase in corporate credit spreads. The sensitivities apply to all fixed-income instruments, excluding government, supranational and similar debt securities.

Economic credit spread sensitivities on SST AFR

Table 5

in USD millions, as of September 30	2024	2023
100 bps increase in credit spreads		
Property & Casualty	(1,656)	(1,404)
Life	(1,676)	(1,449)
Rest of the business	(185)	(169)

Risks from defaults of counterparties

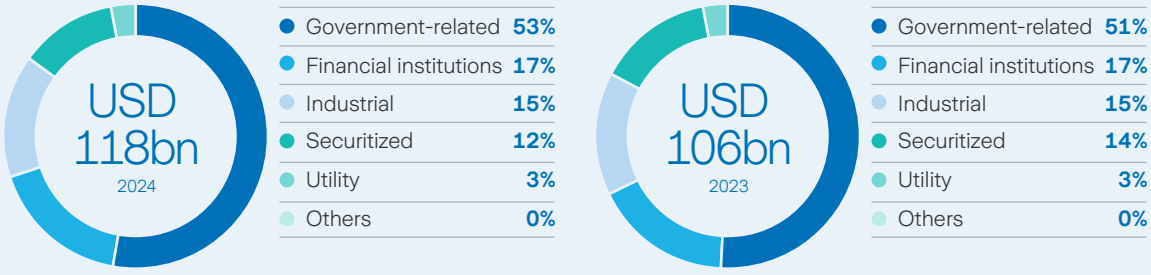
Debt securities

The Group is exposed to credit risk from third-party counterparties where the Group holds securities issued by those entities. Default risk is controlled by Group counterparty concentration risk limits which aim to keep the size of potential losses to an acceptable level.

Exposure level limits are in place and are based on default and recovery rates. Limits tighten progressively for lower-rated exposures. Where the Group identifies investments that are expected to trigger limit breaches, appropriate mitigating actions are implemented.

For information on the Group's debt securities by rating of issuer and the corresponding allowance for expected credit losses, see note 23 of the consolidated financial statements.

Debt securities – credit risk concentration by industry
in %, as of December 31



As of December 31, 2024, the largest concentration in the Group's debt securities portfolio was government-related at 53 percent of all debt securities. In all other categories, a total of USD 20 billion (36 percent) was secured. As of December 31, 2023, 51 percent of the Group's debt portfolio was invested in government-related securities. In all other categories, a total of USD 20 billion (38 percent) was secured.

The second-largest concentration in the Group's debt securities portfolio was financial institutions, comprising investments mainly in banking, finance companies and insurance.

Audited

Cash and cash equivalents

To reduce credit concentration, settlement and operational risks, the Group limits the amount of cash that can be deposited with a single counterparty. The Group also maintains an authorized list of acceptable cash counterparties.

Cash and cash equivalents amounted to USD 6.8 billion as of December 31, 2024 and USD 7.3 billion as of December 31, 2023. The risk-weighted average rating of the overall cash portfolio was 'A–' as of both December 31, 2024, and December 31, 2023. The 10 largest bank exposures represented 52 percent of the total cash and cash equivalents amount, of which the risk-weighted average rating was 'A–' as of both December 31, 2024, and December 31, 2023.

Mortgage loans and other loans

Mortgage loans amounted to USD 4.0 billion as of December 31, 2024 and USD 4.3 billion as of December 31, 2023. The Group's largest mortgage loan portfolios are held in Switzerland (USD 2.7 billion), in Italy (USD 0.5 billion) and in Germany (USD 0.6 billion); these are predominantly secured against residential property but also include mortgages secured by commercial property.

Derivatives

The replacement value of outstanding derivatives represents a credit risk to the Group. These instruments include interest rate and cross-currency swaps, forward contracts and purchased options. A potential exposure could also arise from possible changes in replacement values. The Group regularly monitors credit risk exposures arising from derivative transactions. To limit credit risk, derivative financial instruments are executed with counterparties rated 'BBB' or higher as per Zurich Risk Policy (ZRP) requirements. The Group's standard practice is to only transact derivatives with those counterparties for which the Group has in place an International Swaps and Derivatives Association (ISDA) Master Agreement, with a Credit Support Annex. This mitigates credit exposures from over-the-counter transactions due to close-out netting and requires the counterparty to post collateral when the derivative position exceeds an agreed threshold. The Group further mitigates credit exposures from derivative transactions by using exchange-traded or centrally cleared instruments whenever possible.

Risk from currency exchange rates

The Group operates internationally and is therefore exposed to the financial impact of changes in the exchange rates of various currencies.

Assets, liabilities, income and expenses are denominated in multiple currencies, predominantly the euro, Swiss franc, British pound and U.S. dollar. On entity balance sheets, a currency mismatch may cause a balance sheet's net asset value to fluctuate, either through income or directly through equity. The Group manages this risk by matching foreign currency positions on entity balance sheets within prescribed limits. Residual mismatches are reported centrally to take advantage of netting effects across the Group. Zurich hedges these residual mismatches within an established limit through a central balance sheet. For information on net gains/losses on foreign currency transactions included in the consolidated income statements, see notes 1 and 3 of the consolidated financial statements. The monetary currency risk exposure on entity balance sheets is considered immaterial.

Additionally, the Group applies net investment hedge accounting to mitigate translation differences that arise when the results and positions of selected net investments are translated into the Group's presentation currency, the U.S. dollar.

Table 6 shows the sensitivity of total equity based on International Financial Reporting Standards (IFRS) Accounting Standards to changes in exchange rates for the main functional currencies to which the Group is exposed. Positive values represent an increase in the value of the Group's total equity.

Audited

Sensitivity of the Group's total equity to exchange rate fluctuations

Table 6

in USD millions, as of December 31	2024	2023
10% increase in		
EUR/USD rate	440	313
GBP/USD rate	33	17
CHF/USD rate	(327)	(591)
BRL/USD rate	94	128
AUD/USD rate	284	311
JPY/USD rate	96	104
Other currencies/USD rates	577	472

The sensitivities show only the effects of a change in exchange rates, while other assumptions remain unchanged. The sensitivity analysis does not consider management actions that might be taken to mitigate such changes. The sensitivities do not indicate the likelihood of such events occurring in the future and do not necessarily represent Zurich's expectations of future market changes. While table 6 shows the effect of a 10 percent increase in exchange rates, a 10 percent decrease would have the converse effect.

For additional information about foreign currency translation and transactions, see notes 1, 3 and 6 of the consolidated financial statements.

Other credit risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations. See section 'risks from defaults of counterparties' for more information. The Group's exposure to other credit risk is derived from the following main categories of assets:

- Reinsurance assets
- Receivables

The Group's objective in managing credit risk exposures is to maintain them within parameters that reflect the Group's strategic objectives, and its risk appetite and tolerance. Sources of credit risk are assessed and monitored, and the Group has policies to manage specific risks within various subcategories of credit risk. To assess counterparty credit risk, the Group uses ratings assigned by external rating agencies, qualified third parties, such as asset managers, and internal rating assessments. If the ratings of external rating agencies differ, the Group generally applies the lowest, unless other indicators justify an alternative, which may be an internal credit rating.

The Group actively uses collateral to mitigate credit risks. Underlying credit risks are managed independently from the collateral. The Group has limits and quality criteria to identify acceptable letter of credit providers. Letters of credit enable Zurich to limit the risks embedded in reinsurance, captives, deductible programs, trade credit and surety.

The Group has counterparty limits which are regularly monitored. Exposure to counterparties' parent companies and subsidiaries is aggregated to include reinsurance assets, investments, derivatives, and certain insurance products. Group aggregate concentration limits and relevant exception approvals are monitored in line with risk policy requirements.

On-balance sheet exposures are the main source of credit risk. Off-balance sheet credit exposures are related primarily to certain insurance products, reinsurance and collateral used to protect underlying credit exposures on the balance sheet. The Group had no material amount of off-balance sheet exposures related to undrawn loan commitments as of December 31, 2024. See note 21 of the consolidated financial statements for undrawn loan commitments.

Audited

Credit risk related to reinsurance assets

The Group's Corporate Reinsurance Security Committee oversees the credit quality of cessions and reinsurance assets. The Group typically only cedes new business to authorized reinsurers with a minimum rating of 'A–'. Of the exposure ceded to reinsurers that are rated below 'A–' or are not rated, 52 percent was collateralized as of December 31, 2024 and 60 percent as of December 31, 2023. Of the exposure ceded to reinsurers that are rated below 'A–' or are not rated, 69 percent was ceded to captive insurance companies in 2024, and 62 percent in 2023.

Reinsurance assets included reinsurance recoverables (the reinsurers' share of reserves for insurance contracts) of USD 27.9 billion and USD 27.1 billion, and receivables arising from ceded reinsurance of USD 2.5 billion and USD 2.1 billion as of December 31, 2024 and 2023, respectively, gross of allowance for impairment. Reserves for potentially uncollectible reinsurance assets amounted to USD 98 million as of December 31, 2024 and USD 117 million as of December 31, 2023. The Group's policy on impairment charges takes into account both specific charges for known situations (e.g., financial distress or litigation) and a general, prudent provision for unanticipated impairments.

Reinsurance recoverables in table 7 are shown before taking into account collateral, such as cash or bank letters of credit, and deposits received under ceded reinsurance contracts. Unsecured reinsurance recoverables shown are after deducting collateral. Bank issuing letters of credit for the benefit of Zurich are, on average, 'A' rated. The value of the collateral received amounts to USD 18.5 billion and USD 17.2 billion as of December 31, 2024 and 2023, respectively.

Table 7 shows reinsurance recoverables and unsecured reinsurance recoverables split by rating.

Table 7

Reinsurance recoverable and unsecured reinsurance recoverable by rating of reinsurer and captive

as of December 31	2024				2023			
	Reinsurance recoverable		Unsecured reinsurance recoverable		Reinsurance recoverable		Unsecured reinsurance recoverable	
	USD millions	% of total	USD millions	% of total	USD millions	% of total	USD millions	% of total
Rating								
AAA	4	0.0%	1	0.0%	5	0.0%	–	0.0%
AA	5,870	21.0%	4,832	28.7%	4,969	18.4%	4,493	29.4%
A	12,988	46.5%	7,599	45.2%	14,669	54.2%	7,804	51.1%
BBB	3,990	14.3%	2,250	13.4%	2,563	9.5%	586	3.8%
BB	437	1.6%	225	1.3%	822	3.0%	419	2.7%
B and below	296	1.0%	116	0.7%	172	0.6%	70	0.5%
Unrated	4,354	15.6%	1,801	10.7%	3,873	14.3%	1,915	12.5%
Total	**27,939**	**100.0%**	**16,824**	**100.0%**	**27,073**	**100.0%**	**15,287**	**100.0%**

Credit risk related to receivables

The largest amount of the Group's credit risk exposure to receivables is related to third-party agents, brokers and other intermediaries.

Receivables are diversified across a large number of counterparties and do not pose significant single name concentration risk. The biggest individual exposures are related to the large global insurance brokers; however, exposure to these brokers is small if compared to total receivables, and these brokers are not among the top individual counterparties where the Group has significant concentration of credit risk.

The Group has policies and standards to manage and monitor credit risk related to intermediaries.

The Group strives to keep the balance of past-due positions as low as possible.

Receivables from ceded reinsurance are part of reinsurance assets and managed accordingly. For more information about receivables, see note 14 of the Group's consolidated financial statements, and for more information about the calculation of expected credit losses, see notes 3 and 23 of the Group's consolidated financial statements. For information about reinsurance assets, see note 7 of the Group's consolidated financial statements.

Audited

Operational risk

Operational risk is the risk of financial loss, adverse reputational, legal or regulatory impact, resulting from inadequate or failed processes, people, systems or from external events, including external fraud, catastrophes, or failure in outsourcing arrangements. Zurich has a framework to identify, assess, manage, monitor, and report operational risk within the Group. Within this framework, the Group:

- Uses a scenario-based approach to assess, model and quantify the capital required for operational risk for business units under extreme circumstances. This approach allows information to be compared across the Group and highlights the main scenarios contributing to the capital required under Zurich Economic Capital Model (Z-ECM).
- Documents and reviews operational events exceeding a threshold determined by the Zurich Risk Policy (ZRP). Remedial action is taken to avoid the recurrence of such operational events.
- Conducts risk assessments where operational risks are identified for key business areas. Risks identified and assessed to be above a certain threshold must have a risk response. Risk mitigation plans are documented and tracked on an ongoing basis. In the assessments, the Group uses sources of information such as the Total Risk Profiling™ process, internal control effectiveness, and audit findings, as well as scenario modeling and operational event data.

The Group has specific processes and systems in place to focus on high-priority operational matters such as managing information security and business resilience, as well as combating fraud.

Preventing, detecting and responding to fraud are embedded in Zurich's business processes. Both claims and non-claims fraud are included in the common framework for assessing and managing operational risks. For Zurich's internal model calculations, claims fraud is part of insurance risk and non-claims fraud is part of operational risk.

Group own insurance

Zurich sets up and maintains insurance programs to protect the Group from the risk of adverse financial consequences of insurable events. They comprise global insurance programs and local insurance policies.

Zurich global insurance programs are managed centrally and cover risk exposures such as:

- Property damage and business interruption/terrorism and political violence
- Commercial general liabilities including risks related to environmental accidents
- Professional indemnity and commercial crime
- Directors and officers liability
- Cyber-network security and privacy insurance

Local insurance policies are managed locally and include coverage to meet mandatory local requirements or for country-specific risks that are not part of the global insurance programs.

Data risk

The strategic relevance of data as a business asset is rising at a rapid pace and the risks associated with data management are becoming increasingly prominent. Preventing risks such as data losses and privacy breaches, and assessing and monitoring the potential misuse of data and losses triggered by failures in data management remain in focus. Specifically, appropriate governance of data for business purposes and decision-making processes, including automation, machine learning techniques and other advanced technologies, remains a priority. As Zurich strives to inspire confidence in a digital society with its Data and Responsible AI Commitment, assurance on the ethical use of advanced technologies is provided from a risk management perspective for the protection and privacy of data of the Group's customers and other stakeholders.

The relevance of technological risks, such as cyber risk, is rapidly increasing across all data-driven industries. Exposure to these risks has grown in lockstep with the significant rise in digital services provided directly to customers and the increasing prevalence of digital ecosystems and cloud solutions in today's interconnected world.

Third-party risk

Outsourcing and engagement with third parties introduces risks relevant to the delivery of Zurich's strategy, such as data loss or disclosure, disruption to critical customer services and regulatory compliance. Digitalization has increased the complexity and accelerated the pace of change within the Group's third-party ecosystem. The Group addresses risks associated with third-party engagements along its supply and value chain. Applying a consistent Group-wide approach to third-party governance is among Zurich's key priorities.

Business resilience risk

Zurich, along with the rest of the insurance industry, is going through a period of transformation in order to meet changing customer and regulatory expectations. In addition, the increasing automation of processes, the development of advanced analytics capabilities, and fragmented supply chains have contributed to an increasingly complex operating environment. In response to these challenges, and to better protect the interests of stakeholders, the Group continues to evolve its business resilience capability through a number of ongoing initiatives related to the protection and recovery of critical services and by enhancing transparency related to associated risks such as pandemics, technology failure, and potential supply chain/power interruptions.

Model risk

At Zurich, models are employed to support the Group's subject matter experts in areas such as pricing of insurance policies, risk and investment management, fraud detection, predicting customer behaviors and providing insights that enable informed decision-making. Such models are powerful tools for managing the business as well as the risks faced by the Group. However, their effectiveness is highly dependent on inputs, methodologies, and model implementation. For this reason, Group-wide model risk governance is in place to effectively protect the Group's financial, strategic and reputational interests.

Risk management and internal controls

The Group considers internal controls to be essential for managing operational risk. The Board of Directors (the 'Board') has overall responsibility for the Group's risk management and internal control frameworks. The objectives of the Group's internal control system are to provide reasonable assurance that Zurich's consolidated financial statements and disclosures are materially correct, support reliable operations, and ensure legal and regulatory compliance. The internal control system is designed to mitigate rather than eliminate risks that could impact the achievement of business objectives.

The Group promotes risk awareness and understanding of controls through communication and training. Risk management and internal control systems are designed at Group level and implemented across the Group. Management, as the first line of defense, is responsible for identifying, evaluating and managing risk, and designing, implementing and maintaining internal controls. Testing of the relevant internal controls also forms part of the control life cycle.

Key processes and controls in the organization are subject to review and challenge by the second and third lines of defense. The second and third lines of defense regularly report on observations, conclusions and recommendations that arise from their independent examination of internal controls. Control issues of Group-level significance and associated mitigation actions are reported regularly to the Audit Committee of the Board. The Risk and Investment Committee of the Board reviews the effectiveness of the Group's risk management system, including the Group's risk tolerance and enterprise-wide risk governance framework, in accordance with the charter for each committee.

The Group's Disclosure Committee, chaired by the Head of Group Financial Accounting and Reporting, reviews the accuracy, completeness and timeliness and compliance with legal and regulatory requirements of external disclosures and the effectiveness of the respective internal controls. The conclusions result in a recommendation to the Group Chief Financial Officer (CFO) to release the disclosures to the Audit Committee of the Board, who may then challenge the disclosures further. The Board reviews and approves the announcement of the results and the annual report before they are made public.

Audited

Liquidity risk

Liquidity risk is the risk that an entity within the Group may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. Zurich's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs under normal conditions and in times of stress. To achieve this, the Group assesses, monitors and manages its liquidity needs on an ongoing basis.

Group-wide liquidity management policies and specific guidelines govern how entities plan, manage and report their entity liquidity and include regular stress tests for all major legal entities and branches within the Group. The stress tests use a standardized set of internally defined stress events, and are designed to provide an overview of the potential drain on liquidity should the Group have to recapitalize entity balance sheets. Similar guidelines apply at the Group level, and detailed liquidity forecasts are regularly conducted, based on entities' input and the Group's forecasts. As part of its liquidity management, the Group maintains sufficient cash and cash equivalents and high-quality, liquid investment portfolios to meet outflows under expected and stressed conditions.

The Group also maintains internal liquidity sources that cover the potential liquidity needs within the Group, including those that might arise in times of stress. The Group takes into account the amount, availability and speed at which these sources can be accessed. The Group has access to diverse funding sources to cover contingencies, including asset sales, external debt issuance and making use of committed borrowing facilities or letters of credit. The Group maintains a range of maturities for external debt securities. A potential source of liquidity risk is the effect of a downgrade of the credit rating of the Group. This could affect the Group's commitments and guarantees, potentially increasing liquidity needs. This risk – and mitigating actions that might be employed – are assessed on an ongoing basis within the Group's liquidity framework.

The Group regularly analyzes the liquidity of the investment assets and ensures that the liquidity of assets remains in line with liquidity requirements. In 2024, the Group's holdings in illiquid assets were within its capacity.

For more information on debt obligation maturities, see note 17 of the consolidated financial statements, and for information on commitments and guarantees, see note 21 of the consolidated financial statements.

The Group's ongoing liquidity monitoring includes regular reporting to the executive management and quarterly reporting to the Risk and Investment Committee of the Board, covering aspects such as the Group's liquidity, possible adverse scenarios that could affect the Group's liquidity and possible liquidity needs from the Group's main subsidiaries, including under conditions of stress.

For more information on the Group's other financial liabilities, see note 15 of the consolidated financial statements. See note 5 of the consolidated financial statements for information on the maturity of debt securities.

The Group has committed to contribute capital to subsidiaries and third parties that engage in making investments in direct private equity and private equity funds. Commitments may be called by the counterparty during the term of the investment (generally three to five years) and must be funded by the Group on a timely basis. See note 21 of the consolidated financial statements for more information.

Audited

Strategic risk and risks to the Group's reputation

Strategic risk

Zurich defines strategy as the long-term plan of action designed to position the Group to achieve its goals and aspirations, aligned with Zurich's purpose and values. Strategic risk is defined as the risk that the strategy, or parts of it, may become sub-optimal or unachievable.

Strategic risks can arise from:

- Internal triggers, such as inadequate risk-reward assessments of strategic plans or changes to underlying assumptions.
- External triggers, including macroeconomic or geopolitical events or trends, regulatory or legal changes, or developments in the competitive landscape.

The Group manages risks associated with strategic business decisions through its risk assessment processes and tools, including the Total Risk Profiling™ process. As part of the annual assessment of strategic risks, the Executive Committee (ExCo) assesses potential risks from both external and internal factors, looking at the current year and beyond. The ExCo members define appropriate response actions and review the status of these actions, along with changes to key risks, at least quarterly.

The Group evaluates the risks of mergers and acquisitions (M&A) transactions both from a quantitative and a qualitative perspective. The Group conducts risk assessments of M&A transactions to evaluate risks specifically related to integrating acquired businesses.

Risks to the Group's reputation

Many factors can affect Zurich's reputation including the Group's market conduct, relationship with customers, brand image, workplace culture, corporate strategy, underwriting practices, marketing efforts, claims handling, corporate responsibility, regulatory compliance, financial performance, communications, and crisis management.

Every risk type has potential consequences for Zurich's reputation. Effectively managing these risks supports the prevention of adverse reputational outcomes.

The Group aims to preserve its reputation by:

- Adhering to applicable laws and regulations.
- Following the core values and principles of the Group's code of conduct, which promote integrity and good business practice.

The Group centrally manages certain aspects of risk to reputation, for example, communications, through functions with the appropriate expertise. Potential risks to Zurich's reputation are included in its risk assessment processes and tools, including the Total Risk Profiling™ process.

Sustainability risk

Zurich defines sustainability risks as those arising from events or conditions related to topics or trends relevant to the Group's Sustainability Framework and which adversely impact the achievement of Zurich's business strategy or targets.

Sustainability risks often possess time horizons that extend beyond a strategic cycle, which results in a higher degree of uncertainty regarding their potential consequences. Zurich manages sustainability risks using two complementary perspectives, namely 'outside-in', where risks associated with sustainability issues and topics affect the Group, and 'inside-out', which considers the risks resulting where Zurich's own activities have an influence on those issues and topics. Risks of the latter type typically have reputational consequences. A variety of risk management approaches is used to support identification, assessment, and responses to these risks.

The selection of approaches is informed by whether the sustainability risk is:

- An emerging outside-in risk: e.g., risks associated with climate change.
- An emerging inside-out risk: e.g., risks associated with fossil fuels or deforestation.
- A current outside-in risk: e.g., risks associated with severe weather.
- A current inside-out risk: e.g., risks associated with thermal coal, human rights (child labor, forced labor), or banned weapons.

Sustainability topics are often a driver for other risk types (e.g., sustainability topics with respect to underwriting or investment management risks) and these are managed in accordance with the principles and requirements of the respective business and/or functions policies. For more information about how climate-related risks, in particular, are identified, assessed, and managed, refer to the section 'risk management' of the Group's sustainability report.

Sustainability risk approach

To carry out effective sustainability risk management, the Group follows its Enterprise Risk Management (ERM) framework and selects different approaches to support, for example, the identification, assessment, monitoring and response to those risks according to their relevant perspective and time horizon.

The Group's ERM framework helps to protect the Group against natural, societal, economic and financial risks, and supports the identification of potential business opportunities. The framework also helps the Group to recommend proper response strategies, which can include the development of new products and services that support Zurich's customers in managing their sustainability risks.

Risk identification and assessment: Emerging sustainability risks are identified and assessed at least annually through the update of the Emerging Risk Radar. For risks that extend beyond the strategic cycle, scenario analysis is performed. For current sustainability risks, the identification and assessment is done in accordance with the process defined by the Emerging and Sustainability Risk Committee (ESRC) and the potential impact to the Group in line with the Total Risk Profiling™ methodology.

Risk response: For emerging risks, risk responses can include the adoption of sustainability positions that articulate Zurich's appetite for a sustainability risk, and may also trigger the development of new policies, guidelines, products, processes, projects or other management actions. For current risks, it can entail a new Group strategic sustainability priority in line with the Total Risk Profiling™ methodology.

Examples of sustainability positions:

- Zurich will not enter into new business relationships with companies that produce, stockpile, distribute, market, or sell banned cluster munitions or anti-personnel landmines.
- Where permissible by law or regulation, Zurich will not insure or invest in companies that generate more than 30 percent of their revenue from thermal coal, or produce more than 20 million tons of thermal coal per year.

For further information on Zurich's sustainability positions, refer to the Group's sustainability report.

Another example of a risk response is the environmental, social, and governance (ESG) integration in the Group's investment management activities. The ESG integration across asset classes, and alongside traditional financial metrics and risk management practices, helps Zurich achieve superior risk-adjusted, long-term financial returns. At Zurich, ESG integration is defined along the lines of four basic requirements: training, data, investment process, and active ownership. These four requirements not only help Zurich integrate ESG factors within its investment decisions, but also to understand and monitor where the Group or its asset managers stand in terms of ESG-related capabilities.

Risk monitoring: Emerging sustainability risks are monitored at least annually through the emerging risk process, while current sustainability risks are monitored through the Group-mandated strategic Total Risk Profiling™.

Risk reporting: Emerging and current sustainability risks are reported internally and externally as required.

For more information about the sustainability risk approach, refer to the section 'risk management' of the Group's sustainability report.



Financial review

258 Financial overview
270 Consolidated financial statements
412 Holding company

With our 2025–2027 business plan, we're picking up the pace, challenging ourselves to be our best, while following our successful long-term strategy.

Message from our Group Chief Financial Officer

Durable growth

Full year 2024 results set the pace for the 2025–2027 financial cycle. Business operating profit (BOP) increased 5 percent to a record USD 7.8 billion with a Core ROE[1] of 24.6 percent for the year. Net income attributable to shareholders (NIAS) amounted to USD 5.8 billion. Considering this performance, our strong capital position, as well as management's expectation of further improvement over the next financial cycle, the Board will propose a dividend increase of 8 percent to CHF 28 per share.

Primed for growth

As outlined at our Investor Day in 2024, Zurich expects compound annual growth in core earnings per share (EPS) to exceed 9 percent in 2025–2027, a Core ROE of more than 23 percent in 2027 as well as cumulative cash remittances in excess of USD 19 billion over the cycle. This compares with a target of 8 percent CAGR of EPS growth in 2023–2025, a BOPAT ROE of more than 20 percent in 2025 and cumulative cash remittances in excess of USD 13.5 billion over the period 2023–2025.

"The Group delivered another set of record results, laying a strong foundation for our ambitious 2025-2027 financial plan. Our strategic focus remains on leveraging Zurich's uniquely diversified business to drive durable, profitable growth and generate attractive shareholder returns. Disciplined capital and risk management position us well to invest in innovation and navigate a rapidly evolving industrial landscape."

Claudia Cordioli
Group Chief Financial Officer



2023 – 2025 financial targets

Target: >20.0%
Core ROE[1]
24.6%
FY 2024

SST solvency target: 160% or above
Estimated SST ratio[2]
252%
FY 2024

Target: >USD 13.5bn cumulative 2023–2025
Cumulative cash remittances
USD 11.9bn
FY 2023 and FY 2024

Target: ≥8%
Adjusted earnings per share growth in USD
15%[3]
Compound annual growth rate (CAGR)
FY 2024 versus baseline of USD 32.1

1 Previously named BOPAT ROE. Calculated as business operating profit after tax (BOPAT) divided by average shareholders' equity excluding unrealized gains and losses. Average shareholders' equity based on semi-annual data points (based on quarterly data points in previous disclosures).
2 Estimated Swiss Solvency Test (SST) ratio as of December 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.
3 Adjusted earnings per share substitutes actual net capital losses with net capital gains expected under long term market assumptions (~USD 0.8bn). Full year 2024 EPS on a reported basis of USD 40.2.

A strong performance across all businesses

Property & Casualty (P&C) saw an 8 percent increase in business operating profit (BOP). Insurance revenue grew 6 percent with strong growth in our Commercial and Retail insurance businesses supported by continuing price increases of 4 percent over the year.

The combined ratio improved by 0.2 percentage points to 94.2 percent versus the prior year. Higher earned rate as well as a lower level of losses were partially offset by an increase in commission expenses due to business mix shifts.

Favorable prior-year development of 1.6 percent was well within the indicated 1 to 2 percent range, demonstrating the strength of the Group's reserves.

The Group's Life business delivered an excellent performance, reflecting the success of the Group's strategy to focus on protection and unit-linked business.

Life showed ongoing successful execution of its strategy supported by a solid underlying performance, delivering a record BOP of USD 2.2 billion, up 8 percent compared with the prior year.

Farmers BOP remains in line with the prior year, showing a 5 percent increase in Farmers Management Services (FMS) BOP and further supported by stronger results from Farmers Re. Farmers Life BOP is lower following the completion of a reinsurance transaction in 2023.

The Farmers Exchanges[1] reported a robust set of results which underscores their financial wellbeing and strength. Gross written premiums grew by 4 percent, the combined ratio improved 12 percentage points to 91.4 percent and the estimated year-end surplus ratio of 42.4 percent was above the upper band of the target range of 34 percent to 38 percent.

Robust balance sheet and higher cash generation

During the year, the Group continued to focus on and optimize the use of capital. The Group's balance sheet remained very strong with the Swiss Solvency Test (SST)[2] ratio at an estimated 252 percent, well above the Group's floor of 160 percent.

The Group successfully converted earnings into distributable cashflow with cash remittances back to the Group of USD 7.1 billion over the year driven by operational earnings and remittances of excess capital.

Dividend proposal of CHF 28

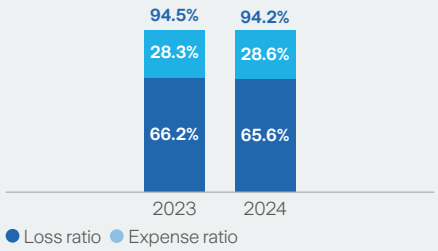
In line with our dividend policy, the Board proposes an 8 percent dividend increase to CHF 28 per share.



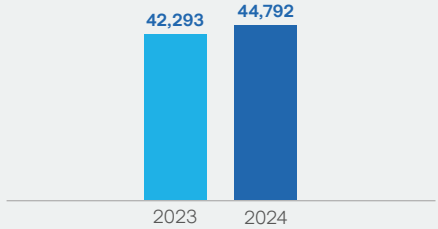
Claudia Cordioli
Group Chief Financial Officer

Property & Casualty (P&C)

Combined ratio

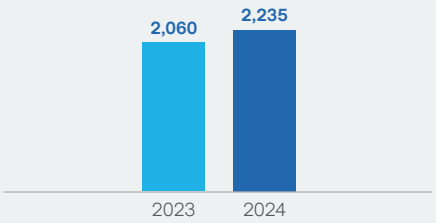


Insurance revenue
in USD millions

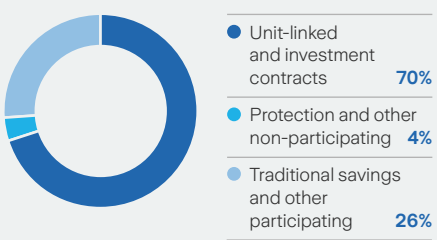


Life

Business operating profit
in USD millions

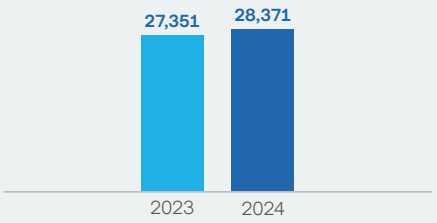


2024 split of reserves and liabilities



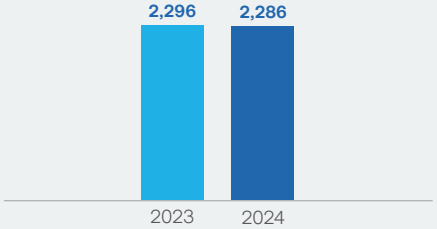
Farmers Exchanges[1]

GWP
in USD millions



Farmers

Farmers BOP
in USD millions



1 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.
2 Estimated Swiss Solvency Test (SST) ratio as of December 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.

Financial overview

Contents

Financial highlights	259
Operating update	**260**
Property & Casualty (P&C)	260
Life	262
Farmers	264
Farmers Exchanges	264
Group Functions and Operations	265
Non-Core Businesses	265
Financial update	**266**
Balance sheet review	266
Treasury and capital management	266
Significant transactions in 2024	267
Being a responsible taxpayer	267
Message from our Group Chief Investment Officer	**268**

The information contained within the financial overview is unaudited and is based on the consolidated results of Zurich Insurance Group Ltd and its subsidiaries (collectively, the Group) for the years ended December 31, 2024 and 2023. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not always add up to the rounded total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with the 2024 Annual Results of the Group and in particular with its consolidated financial statements for the year ended December 31, 2024.

In addition to the figures stated in accordance with IFRS Accounting Standards, the Group uses business operating profit (BOP), new business metrics and other performance indicators to enhance the understanding of its results. Details of these additional measures are set out in the glossary. These should be viewed as complementary to, and not as substitutes for, the IFRS figures. For a reconciliation of BOP to net income attributable to shareholders (NIAS), see note 26 (table 26.4) of the audited consolidated financial statements for the years ended December 31, 2024.

Financial highlights

in USD millions, for the years ended December 31	2024	2023	Change[1]
Business operating profit	**7,751**	7,381	5%
Net income attributable to shareholders	**5,814**	4,351	34%
P&C business operating profit	**4,204**	3,893	8%
P&C insurance revenue	**44,792**	42,293	6%
P&C combined ratio	**94.2%**	94.5%	0.2 pts
Life business operating profit	**2,235**	2,060	8%
Life contractual service margin (CSM)[2]	**11,657**	11,526	1%
Life present value of new business premiums (PVNBP)[3]	**16,891**	16,384	3%
Life new business CSM (NB CSM)[2]	**1,094**	1,037	5%
Life new business margin (as % of PVNBP)[4]	**6.5%**	6.3%	0.1 pts
Farmers business operating profit	**2,286**	2,296	(0%)
Managed gross earned premium margin	**7.0%**	7.0%	(0.0 pts)
Average Group investments[5]	**148,383**	142,389	4%
Net investment result on Group investments[5]	**6,814**	4,687	45%
Net investment return on Group investments[5,6]	**4.6%**	3.3%	1.3 pts
Total return on Group investments[5,6]	**4.3%**	6.3%	(1.9 pts)
Shareholders' equity	**25,472**	24,860	2%
Swiss Solvency Test ratio[7]	**252%**	234%	19 pts
Return on common shareholders' equity (ROE)[8]	**24.7%**	18.1%	6.6 pts
Core ROE[8]	**24.6%**	23.0%	1.6 pts

1 Parentheses around numbers represent an adverse variance.
2 CSM is net of external reinsurance and before the effect of non-controlling interests.
3 Present value of new business premiums (PVNBP) is gross of reinsurance and before the effect of non-controlling interests.
4 Calculated as new business CSM divided by PVNBP.
5 Including investment cash and derivatives.
6 Calculated on average Group investments.
7 Estimated Swiss Solvency Test (SST) ratio as of December 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.
8 Shareholders' equity used to determine NIAS and Core ROE is adjusted for net unrealized gains/(losses). Core ROE previously referred to as BOPAT ROE.

Overall, Group business operating profit (BOP) increased 5 percent to USD 7.8 billion in 2024, driven by strong momentum in all areas of the business.

Net income attributable to shareholders (NIAS) increased 34 percent in 2024, mainly due to the strong increase in BOP and higher net capital gains.

Operating update

Property & Casualty (P&C)

in USD millions, for the years ended December 31	Total		
	2024	2023	Change
Insurance revenue	44,792	42,293	6%
Insurance service result	3,500	3,186	10%
Net investment result	1,539	1,529	1%
Fee result	98	115	(15%)
Other result	(779)	(807)	3%
Business operating profit	**4,204**	**3,893**	**8%**
Loss ratio	65.6%	66.2%	0.6 pts
Expense ratio	28.6%	28.3%	(0.4 pts)
Combined ratio	**94.2%**	**94.5%**	**0.2 pts**

Insurance revenue in Property & Casualty (P&C) for the year ended December 31, 2024 increased 6 percent, benefiting from growth across all regions.

The insurance service result increased USD 315 million compared with the prior year, driven by higher insurance revenue and a lower combined ratio.

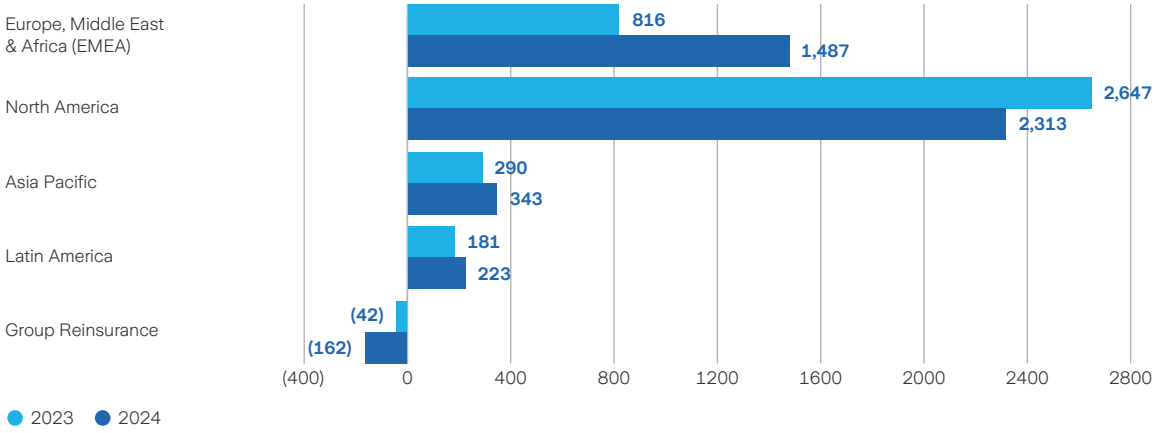
The net investment result for 2024 increased USD 10 million compared with the prior year, mainly driven by additional investment income of USD 312 million above prior year levels due to higher yields as well as higher realized capital gains of USD 44 million coming from the Group's hedge fund portfolio. This was partially offset by higher insurance finance expenses of USD 346 million compared with the previous year due to an increase in the unwind of discount expenses.

The contribution of the fee and other result increased by USD 10 million in 2024 compared with the prior year.

Business operating profit increased 8 percent to USD 4.2 billion for the year ended 2024 compared with the prior year, driven by a strong performance in EMEA which was partially offset by higher catastrophe losses in North America.

The combined ratio of 94.2 percent in 2024 decreased 0.2 percentage points compared with the prior year. The loss ratio improved by 0.6 percentage points to 65.6 percent, mainly driven by improvement in the underlying loss experience. The expense ratio of 28.6 percent in 2024 was 0.4 percentage points higher than the previous year, mainly driven by an increase in commission expenses.

P&C business operating profit (BOP)
in USD millions, for the years ended December 31



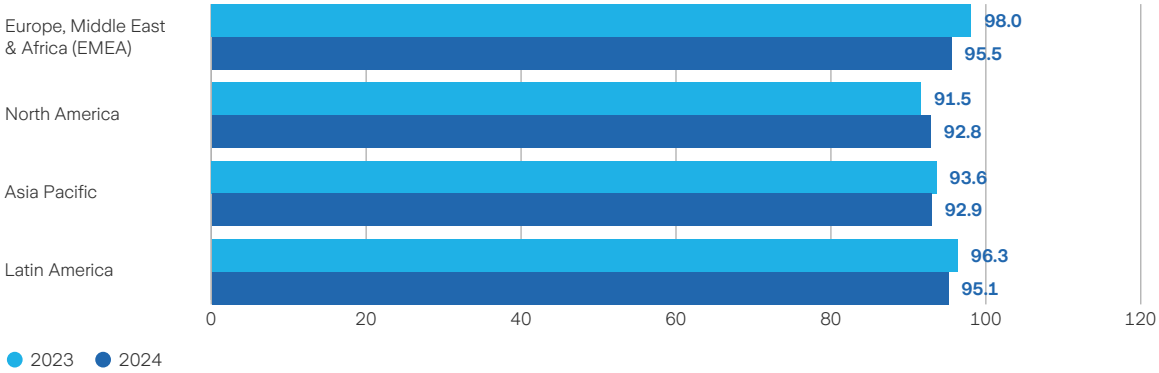
EMEA business operating profit increased USD 672 million compared with the prior year, mainly due to premium growth, a strong Retail recovery and an improved investment result.

North America business operating profit for 2024 decreased 13 percent or USD 334 million compared with the prior year mainly due to higher catastrophe losses of approximately USD 400 million.

Asia Pacific business operating profit for 2024 was 18 percent above the prior year, mainly driven by higher premiums, a more favorable loss experience and increased investment income.

Latin America business operating profit for 2024 was up 23 percent compared with the prior year due to premium growth and an improved combined ratio.

P&C combined ratio
%, for the years ended December 31



In EMEA, the combined ratio improved 2.5 percentage points compared with the prior year, driven by lower levels of catastrophe losses compared to the previous year.

In North America, the combined ratio deteriorated 1.3 percentage points compared with the prior year, mainly due to an increase in the catastrophe loss ratio.

The Asia Pacific combined ratio improved 0.7 percentage points compared with the prior year where an overall improvement in the loss ratio was partially offset by higher commission expenses.

The Latin America combined ratio improved 1.1 percentage points compared with the prior year, as the result benefited from lower losses and expenses.

Life

in USD millions, for the years ended December 31	2024	2023	Change
Insurance service result	2,409	2,281	6%
Net investment result	604	592	2%
Fee result	306	256	20%
Business operating profit	**2,235**	**2,060**	**8%**
Assets under management[1]	278,600	259,476	7%
Contractual service margin	11,657	11,526	1%

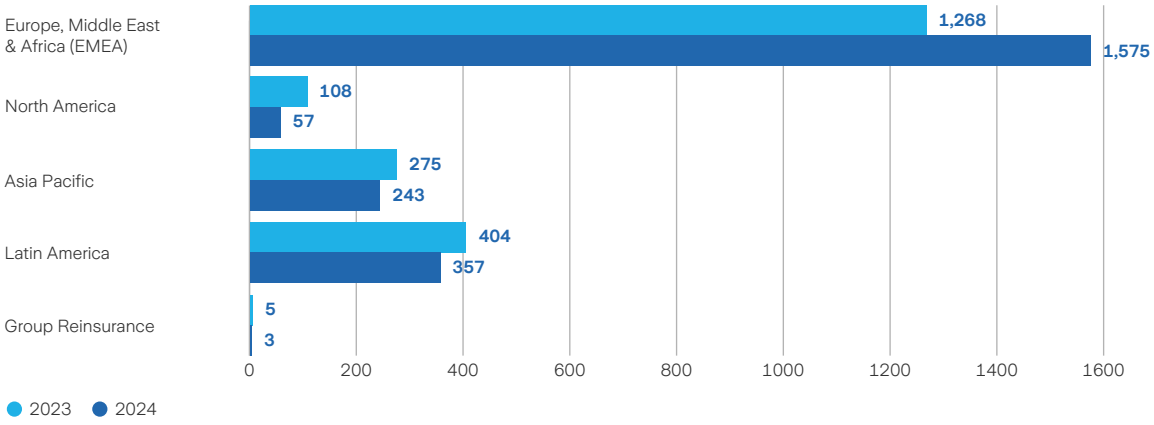
1 Assets under management comprise balance sheet Group investments and unit-linked investments plus assets that are managed by third parties, on which fees are earned.

In 2024, the Group's Life business generated a business operating profit of USD 2.2 billion, 8 percent higher compared with the prior year, driven by underlying growth and favorable experience.

Assets under management (AuM) increased 7 percent in 2024 to USD 278.6 billion, driven by favorable market movements and net inflows.

The contractual service margin (CSM) increased 1 percent to USD 11.7 billion on a reported basis in 2024, with improvements coming from model refinements and economic variances, which benefited from favorable market movements, as well as new business added in 2024, offset by amortization and an unfavorable impact of foreign currency movements.

Life business operating profit (BOP)
in USD millions, for the years ended December 31



In EMEA, business operating profit of USD 1.6 billion was 24 percent higher compared with the prior year, driven by the strong performance of fee businesses, primarily from Ireland and Switzerland, and a strong contribution from protection, as well as non-recurring impacts driven by reserve releases and the non-completion of the disposal of a legacy back book in Germany.

In North America, business operating profit decreased by USD 50 million to USD 57 million, with the impact of improved mortality experience more than offset by a less favorable impact from assumption updates.

In Asia Pacific, business operating profit decreased 12 percent to USD 243 million, mainly driven by a favorable non-recurring impact from re-pricing actions in Australia in the prior year.

In Latin America, business operating profit decreased 12 percent compared with the prior year, with growth in the technical result of short-term protection offset by a lower investment result and the impacts of inflation and currency depreciation in Argentina.

NB CSM, PVNBP and NBM by Segment[1]

in USD millions, for the years ended December 31

	Present value of new business premiums (PVNBP)[2]		New business contractual service margin (NB CSM)[3]		New business margin (as % of PVNBP) (NBM)[4]	
	2024	2023	**2024**	2023	**2024**	2023
Europe, Middle East & Africa (EMEA)	8,605	8,818	643	600	7.5%	6.8%
North America	694	333	19	7	2.5%	(1.1%)
Asia Pacific	2,779	2,939	319	326	11.5%	11.1%
Latin America	4,828	4,296	112	105	2.3%	2.4%
Total	**16,891**	**16,384**	**1,094**	**1,037**	**6.5%**	**6.3%**

1 For long-term life insurance contracts. Does not include short-term life insurance contracts, which are accounted for with premium allocation approach (PAA), or investment contracts, which are accounted for with IFRS 9.
2 Present value of new business premiums (PVNBP) is gross of reinsurance and before the effect of non-controlling interests.
3 New business CSM is net of external reinsurance and before the effect of non-controlling interests.
4 Calculated as new business CSM divided by PVNBP.

Present value of new business premiums (PVNBP) increased 3 percent on a reported basis and 5 percent on a like-for-like basis (adjusting for currency movements, reclassifications and excluding Argentina which was impacted by inflation and currency depreciation), driven by growth in protection and unit-linked business.

In EMEA, PVNBP decreased 3 percent on a like-for-like basis. The reduction was driven by lower sales in retail savings, which reflect exceptional sales volumes in Spain in the prior year period. This was mostly offset by higher sales of protection and unit-linked products.

In North America, PVNBP more than doubled from a low base, benefiting from large corporate contracts.

In Asia Pacific, PVNBP was 2 percent lower on a like-for-like basis compared with the prior year, which benefited from large corporate schemes in Australia.

In Latin America, PVNBP was 19 percent higher on a like-for-like basis compared with the prior year, driven by strong sales of unit-linked pension products.

New business written in 2024 added USD 1.1 billion, 5 percent more than in the prior year on a like-for-like basis, reflecting sales growth and a slightly improved new business margin of 6.5 percent (compared with 6.3 percent in 2023) mainly due to a more favorable business mix.

PVNBP and NB CSM do not include short-term life insurance and investment contracts, which are accounted for under the premium allocation approach (PAA) and IFRS 9, respectively. Insurance revenues from short-term life insurance, which is mainly related to protection business in Latin America, grew 7 percent on a like-for-like basis. Fee revenues for investment contracts, which are mainly written in EMEA, grew 10 percent on a like-for-like basis compared with the prior year, benefiting from higher assets under management.

Farmers

in USD millions, for the years ended December 31	2024	2023	Change
Farmers Management Services (FMS)	2,074	1,970	5%
Farmers Re	192	117	63%
Farmers Life	20	209	(91%)
Total business operating profit	**2,286**	**2,296**	**–**

Farmers Management Services (FMS) business operating profit increased 5 percent compared with the prior year, driven by the higher gross earned premium base of the Farmers Exchanges and from the brokerage entities which were acquired in December 2023. The managed gross earned premium margin was 7 percent, consistent with the prior year.

Farmers Re reported a business operating profit of USD 192 million for 2024, due to improved underwriting results at the Farmers Exchanges and a higher reinsurance participation percentage of 10.0 percent, compared with 8.5 percent in the prior year, as well as higher interest income.

Farmers Life business operating profit was USD 189 million lower than the prior year and reflected the reinsurance agreement to cede its individual life in-force book to Resolution Life which was completed in August 2023.

Farmers Exchanges

The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Group, and certain of its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges

Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Re.

in USD millions, for the years ended December 31	2024	2023	Change
Gross written premiums	28,371	27,351	4%
Gross earned premiums	28,004	26,702	5%

The Farmers Exchanges reported growth in gross written premiums of 4 percent in 2024, reflecting growth in most books of business. Gross earned premiums increased 5 percent over the same period.

Group Functions and Operations

in USD millions, for the years ended December 31	2024	2023	Change
Holding and Financing	(496)	(486)	(2%)
Headquarters	(354)	(314)	(13%)
Zurich Global Ventures[1]	(20)	(29)	32%
Total business operating profit	**(870)**	**(830)**	**(5%)**

1 Includes only central initiatives.

Group Functions and Operations reported net expenses of USD 870 million for 2024, a 5 percent increase compared with the prior year.

Non-Core Businesses

in USD millions, for the years ended December 31	2024	2023	Change
Zurich Legacy Solutions	(55)	3	nm
Other run-off	(49)	(41)	(18%)
Total business operating profit	**(104)**	**(38)**	**nm**

The Group's Non-Core Businesses, which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating loss of USD 104 million for 2024, compared with a loss of USD 38 million in 2023. The higher operating loss in 2024 includes losses from reinsurance on certain run-off portfolios.

Financial update

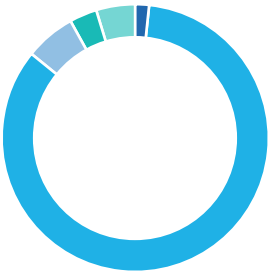
Balance sheet review

Total assets and liabilities:

The total assets of the Group stood at USD 358 billion in 2024, a decrease compared with USD 361 billion in 2023. The total liabilities for the Group also decreased to USD 331 billion in 2024 from USD 335 billion in 2023. The main driver for the reduction was the completion of the sale of the annuity book of Zurich Chile Seguros de Vida S.A., which resulted in reduction in total assets and liabilities of approximately USD 2.5 billion and recognition of a pre-tax gain on sale of USD 84 million. A further reduction in total liabilities resulted from the net redemption of debt issued of USD 0.9 billion.

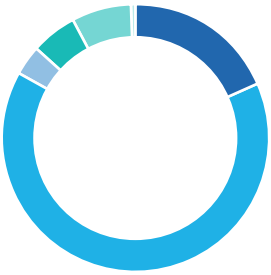
The completion of the acquisition of Kotak Mahindra General Insurance Company Limited increased goodwill and other intangible assets by USD 556 million. Additionally, the recent completion of the acquisition of the AIG travel business will result in an estimated increase in goodwill and other intangible assets of USD 662 million, currently booked within Receivables and other assets.

Group assets
Total assets as of December 31, 2024
(in USD millions)



Cash and cash equivalents	6,768
Total investments	301,098
(Re-)insurance contract assets	22,218
Intangible assets	11,432
Other assets	16,490

Group liabilities and equity
Total liabilities and equity as of December 31, 2024
(in USD millions)



Liabilities for investment contracts	66,507
(Re-)insurance contract liabilities	230,916
Debt	12,891
Other liabilities	20,753
Shareholders' equity	25,472
Non-controlling interests	1,466

Shareholders' equity:

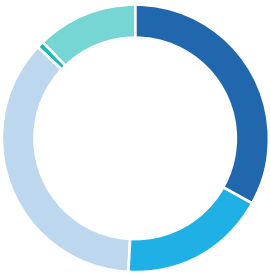
The Group's shareholders' equity of USD 25.5 billion increased USD 0.6 billion from USD 24.9 billion at year-end 2024, largely driven by net income attributable to shareholders of USD 5.8 billion partially offset by the payment of the Group dividend of USD 4.2 billion and treasury share transactions of USD 1.1 billion, mainly related to the completion of the share buyback program launched on June 17, 2024.

Treasury and capital management

The Group's balance sheet remains very strong, as demonstrated by the recent upgrade of ratings for the Zurich Insurance Company Ltd by Moody's (Financial Strength ratings from Aa3 to Aa2) and AM Best (Issuer Credit rating updated from aa– to aa), while S&P's Insurance Financial Strength rating remained steady at the AA level. All three also confirmed a stable outlook. In addition, as of December 31, 2024, the Group's estimated SST ratio[1] remained very strong at 252 percent.

During 2024, the Group saw net remittances of USD 7.1 billion, driven by both operational earnings and capital released as a result of the Group's efforts to extract capital from its operating businesses.

Net cash remittances by business
for the year ended December 31, 2024
(in USD millions)



Property & Casualty	3,174
Life	1,698
Farmers	3,441
Non-Core Businesses	(29)
Group Functions and Operations	(1,145)

1 Estimated Swiss Solvency Test (SST) ratio as of December 31, 2024, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of December 31 has to be filed with FINMA by end of April in the subsequent year and is subject to review by FINMA.

Significant transactions in 2024

AIG Travel

On December 2, 2024, the Group completed the acquisition of AIG's global personal travel insurance and assistance business (AIG Travel) for a cash consideration of USD 617 million, plus a contingent consideration with a fair value of USD 93 million as of the acquisition date. The AIG Travel business will be combined with the Group's travel insurance provider Cover-More Group and operate within the expanded corporate brand Zurich Cover-More. The acquisition includes access to the AIG Travel customers and distribution partners globally.

The assets and liabilities acquired mainly consist of goodwill and intangible assets with a preliminary value of USD 520 million and USD 142 million, respectively. The net assets acquired less the fair value of the contingent consideration are currently included within Receivables and other assets.

Kotak Mahindra General Insurance Company Limited

On November 2, 2023, the Group entered into a strategic alliance with Kotak Mahindra Bank Limited to acquire a majority stake in Kotak Mahindra General Insurance Company Limited. On June 18, 2024, after obtaining all the necessary approvals, the Group completed the acquisition of a 70 percent stake in Kotak Mahindra General Insurance Company Limited (now renamed Zurich General Kotak Insurance Company (India) Limited) for a consideration of approximately USD 657 million, through a combination of capital injections and share purchases.

The opening balance sheet is presented within Note 4 of the consolidated financial statements.

Zurich Chile Seguros de Vida S.A. annuity book

On May 8, 2023, Inversiones Suizo-Chilena S.A. entered into an agreement to sell the annuity book of Zurich Chile Seguros de Vida S.A. to Ohio National Seguros de Vida S.A., a Chilean life insurance company and indirect subsidiary of Constellation Insurance, Inc. On December 2, 2024, the Group completed the sale of USD 2.5 billion in reserves with a pre-tax gain of USD 84 million recognized in profit or loss.

Being a responsible taxpayer

The shareholders' effective tax rate increased to 25.1 percent for the period ended December 31, 2024 compared with 25.0 percent for the same period of 2023. The increase was driven primarily by slightly less favorable developments in the geographical profit mix in 2024.

Message from our Group Chief Investment Officer

Remaining resilient

Macroeconomic environment

2024 was a year characterized by elections and ongoing regional conflicts. Economies and financial markets were shaped by further declines in inflation and the start of a global monetary policy easing cycle, driving risk assets sharply higher. Even though inflationary trends proved to be more challenging than central banks might have wished, they continued easing. The Swiss National Bank was the first among G10 members to cut rates. It was followed by other central banks including the U.S. Federal Reserve. While bond yields were volatile over the year as inflation oscillated, equities were again stellar performers, despite major shifts in the political landscape. An unusually high number of elections saw incumbent parties falter, in part due to high and rising consumer prices that undermined voter confidence. That included the U.S., while in France the government also faced challenges and in Germany early elections were called. We believe uncertainty and volatility are set to continue, requiring a continuation of resilient and flexible investment strategies to deliver on our obligations to our policyholders and customers.



“We believe uncertainty and volatility are set to continue, requiring a continuation of resilient and flexible investment strategies to deliver on our obligations to our policyholders and customers.”

Stephan van Vliet
Group Chief Investment Officer

Investment result and portfolio quality

In 2024, our net investment income rose to USD 5.7 billion from USD 5.4 billion the previous year. This growth was primarily fueled by higher interest rates on debt securities and selective optimization of our asset allocation choices, enhancing our investment income throughout the year.

Net capital gains on Group investments were USD 1.1 billion, supported by strong equity market performance and a reduction in capital losses from the sale of fixed income assets compared with 2023. Net investment result for 2024 was USD 6.8 billion with a total investment return of 4.35 percent.

Our investment portfolio remains strategically well-diversified across various regions and industries. We maintain a diversified allocation across asset classes, including public and private equities, real estate, private debt and a majority allocation to fixed income.
Our portfolios reflect the strength of our balance sheet, with the following asset classes showing solid performance overall:

- The private debt portfolio showed a robust performance in 2024 with a gross book yield of 5.80 percent and a total return of 6.39 percent. Zurich's purposely conservative approach to fixed income risk-taking resulted in very low impairment amounts while still harvesting the higher yields and illiquidity premium across multiple sectors and geographies.
- The hedge fund portfolio generated an attractive risk-adjusted return of 15.3 percent versus 19.2 percent return on the MSCI World Index while taking only 25 percent of the risk of the index. Equity strategies were particularly profitable, with a diversified industry allocation.

Overall, the portfolio's performance was driven by strategic asset allocation and active management, ensuring robust returns and resilience against market volatility. We note that 94 percent of the fixed income portfolio comprises securities rated BBB or higher.

Responsible investment

Investment Management successfully met its 2025 interim climate targets. This milestone marks a significant step in Zurich's journey toward net-zero.

We closed our engagement campaign with the top 65 percent emitters of Zurich-financed emissions which had not set science-based targets, baselined in 2019. Additionally, we increased investments in climate solutions, driven by certifications of green-certified buildings. Since 2019, we have reduced the emission intensity of Zurich's listed equity and corporate bond portfolios, as well as our direct real estate portfolio.

Our impact investment portfolio of USD 8.5 billion, benefiting 5.3 million people annually, is helping us to achieve our impact targets.

These achievements illustrate our commitment to supporting the transition to a sustainable future and making a positive impact on the environment and society. Our updated Responsible Investment White Paper highlights the connections of these targets in a new chapter on 'climate action', showing how our engagements and financing of climate solutions drive decarbonization.

We remain committed to continuing our journey toward net-zero with more ambitious 2030 targets building on our 2025 achievements. Reflecting on the changed scope for industry cooperation and what we have learned over the past five years, we have amended our engagement approach to focus on fewer Zurich investee companies.

In 2024, we expanded our carbon-neutral fund solutions for life insurance clients, introducing new equity and credit strategies and offering them to customers in 9 countries across Europe, Middle East, Latin America, and Asia Pacific. By year-end, we had assets under management of EUR 1.8 billion across five funds, with strong performance exceeding broad market indices.



Stephan van Vliet
Group Chief Investment Officer

Total investments,[1] 2024



Credit, private debt	42.6%
Government and government guaranteed	34.0%
Real estate	8.0%
Cash	6.0%
Equities	4.3%
Hedge funds, private equity	2.6%
Mortgages	2.5%

Rating of credit, private debt securities, 2024



AAA	16.9%
AA	15.9%
A	29.2%
BBB	30.4%
Non-investment grade	7.6%
Unrated	0.0%

Credit and private debt securities per segment, 2024



Non-financial credit	31.7%
Financial credit	26.4%
Municipals, agencies, state credit	17.1%
Other	11.7%
Asset backed securities	8.2%
Covered bonds	5.0%

1 Market value of the investment portfolio (economic view).

Consolidated financial statements

Contents

Consolidated income statements 271
Consolidated statements of comprehensive income 272
Consolidated balance sheets 274
Consolidated statements of cash flows 276
Consolidated statements of changes in equity 278
1. Basis of presentation 280
2. New accounting standards and amendments to published accounting standards 282
3. Summary of material accounting policies and critical accounting estimates and judgments 283
4. Acquisitions and divestments 303
5. Group investments 305
6. Group derivative financial instruments and hedge accounting 308
7. Insurance and reinsurance contracts 312
8. Liabilities for investment contracts 337
9. Insurance revenue 339
10. Fee result 340
11. Expenses 341
12. Property and equipment 342
13. Attorney-in-fact contracts, goodwill and other intangible assets 345
14. Receivables and other assets 347
15. Other liabilities 348
16. Income taxes 350
17. Senior and subordinated debt 353
18. Shareholders' equity, dividends and earnings per share 355
19. Employee benefits 358
20. Share-based compensation and cash incentive plans 367
21. Commitments and contingencies, legal proceedings and regulatory investigations 368
22. Fair value measurement 370
23. Expected credit loss measurement 377
24. Related-party transactions 381
25. Relationship with the Farmers Exchanges 382
26. Segment information 384
27. Interest in subsidiaries 399
28. Events after the balance sheet date 402
Report of the statutory auditor 404

Consolidated income statements

in USD millions, for the years ended December 31	Notes	2024	2023
Insurance revenue	9	59,507	56,099
Insurance service expense		(50,456)	(47,422)
Net expenses from reinsurance contracts held		(3,031)	(2,981)
Insurance service result		6,020	5,696
Net investment income on Group investments		5,730	5,382
Net capital gains/(losses) on Group investments		1,084	(696)
Net investment result on Group investments	5	6,814	4,687
Net investment result on unit-linked investments		16,384	14,191
Change in liabilities for investment contracts and other funds		(8,112)	(6,378)
Re-/insurance finance income/(expenses)		(12,244)	(10,963)
Net investment result		2,842	1,536
Fee income	10	6,011	5,885
Fee business expenses	10	(3,575)	(3,583)
Fee result		2,436	2,303
Other revenues		358	210
Net gains/(losses) on divestment of businesses	4	114	(104)
Interest expense on debt		(440)	(456)
Other expenses	11	(2,864)	(2,727)
Other result		(2,832)	(3,077)
Net income before income taxes		8,465	6,458
of which: Attributable to non-controlling interests		566	536
Income tax (expense)/benefit	16	(2,261)	(1,741)
attributable to policyholders		(179)	(172)
attributable to shareholders		(2,082)	(1,568)
of which: Attributable to non-controlling interests		(176)	(170)
Net income after taxes		**6,204**	**4,717**
attributable to non-controlling interests		390	366
attributable to shareholders		5,814	4,351
in USD			
Basic earnings per share	18	40.48	29.96
Diluted earnings per share	18	40.15	29.73
in CHF			
Basic earnings per share	18	35.62	26.91
Diluted earnings per share	18	35.33	26.71

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated statements of comprehensive income

in USD millions, for the years ended December 31

	Net income attributable to shareholders	Net unreal. gains/ (losses) on financial assets	Change in discount rate for insurance/ reinsurance contracts	Change in fair value of underlying items through OCI	Cumulative foreign currency translation adjustment
2023					
Comprehensive income for the period	4,351	2,974	(979)	(1,250)	(776)
Details of movements during the period					
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		2,951	(1,405)	(1,631)	(788)
Reclassification to income statement (before tax, foreign currency translation effects and allocation to policyholders)		1,299	–	–	11
Reclassification to retained earnings		–	–	–	–
Income tax (before foreign currency translation effects)		(1,108)	310	335	–
Foreign currency translation effects		(168)	116	46	
2024					
Comprehensive income for the period	5,814	(144)	81	104	(868)
Details of movements during the period			–	–	
Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders)		(1,031)	271	299	(867)
Reclassification to income statement (before tax, foreign currency translation effects and allocation to policyholders)		390	–	–	(1)
Reclassification to retained earnings		–	–	–	–
Income tax (before foreign currency translation effects)		309	(67)	(104)	–
Foreign currency translation effects		188	(123)	(91)	–

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Total other comprehensive income recycled through profit or loss	Revaluation reserve	Net actuarial gains/(losses) on pension plans	Total other comprehensive income not recycled through profit or loss	Total other comprehensive income attributable to shareholders	Total comprehensive income attributable to shareholders	Total comprehensive income attributable to non-controlling interests	Total comprehensive income
(31)	(18)	(448)	(466)	(498)	3,854	390	4,244
(873)	(18)	(466)	(484)	(1,357)			
1,311	–	–	–	1,311			
–	(5)	–	(5)	(5)			
(463)	6	120	126	(337)			
(6)	–	(103)	(103)	(109)			
(827)	(1)	368	367	(460)	5,354	211	5,566
(1,328)	(0)	395	394	(934)			
389	–	–	–	389			
–	(1)	–	(1)	(1)			
139	0	(95)	(95)	44			
(26)	–	68	68	42			

Consolidated balance sheets

Assets

in USD millions, as of December 31	Notes	2024	2023
Assets			
Cash and cash equivalents		**6,768**	**7,280**
Total Group investments	5	152,562	140,966
Equity securities		14,182	13,217
Debt securities		118,415	105,924
Investment property		11,734	13,684
Mortgage loans		4,047	4,324
Other financial assets		4,039	3,682
Investments in associates and joint ventures		146	135
Investments for unit-linked contracts		148,535	141,144
Total investments		**301,098**	**282,110**
Insurance contract assets	7	768	580
Reinsurance contract assets	7	21,450	21,942
Receivables and other assets	14	11,717	10,391
Deferred tax assets	16	1,703	1,700
Assets held for sale[1]	4	1,203	23,758
Property and equipment	12	1,867	2,092
Attorney-in-fact contracts	13	2,650	2,650
Goodwill	13	4,805	4,541
Other intangible assets	13	3,977	4,337
Total assets		**358,005**	**361,382**

1 As of December 31, 2024, the Group had USD 1.2 billion of assets held for sale based on agreements signed to sell portfolios of Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4). In 2023, the Group had USD 23.8 billion of assets held for sale based on agreements signed to sell portfolios of Zurich Deutscher Herold LebensversicherungAktiengesellschaft, Zurich Chile Seguros de Vida S.A., Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4).

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Liabilities and equity

in USD millions, as of December 31	Notes	2024	2023
Liabilities			
Liabilities for investment contracts	8	66,507	60,270
Insurance contract liabilities	7	230,479	216,962
Reinsurance contract liabilities	7	437	504
Obligation to repurchase securities		1,123	796
Other liabilities[1]	15	16,022	16,661
Deferred tax liabilities	16	2,446	2,300
Liabilities held for sale[2]	4	1,162	23,860
Senior debt	17	4,020	5,190
Subordinated debt	17	8,871	8,559
Total liabilities		**331,067**	**335,102**
Equity			
Share capital	18	10	10
Additional paid-in capital	18	1,410	1,333
Net unreal. gains/(losses) on financial assets		(4,452)	(4,307)
Change in discount rate for (re)insurance contract		4,372	4,291
Change in fair value of underlying items		1,158	1,053
Cumulative foreign currency translation adjustment		(11,103)	(10,616)
Revaluation reserves		254	254
Retained earnings		33,823	32,842
Shareholders' equity		25,472	24,860
Non-controlling interests		1,466	1,419
Total equity		**26,938**	**26,280**
Total liabilities and equity		**358,005**	**361,382**

1 Includes restructuring provisions, litigation and regulatory provisions (see note 15) and other provisions.
2 As of December 31, 2024, the Group had USD 1.2 billion of liabilities held for sale based on agreements signed sell portfolios of Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4). In 2023, the Group had USD 23.9 billion of liabilities held for sale based on agreements signed to sell portfolios of Zurich Deutscher Herold LebensversicherungAktiengesellschaft, Zurich Chile Seguros de Vida S.A.,Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4).

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

in USD millions, for the years ended December 31	2024	2023
Cash flows from operating activities		
Net income attributable to shareholders	5,814	4,351
Adjustments for:		
Net (gains)/losses on divestment of businesses	(114)	104
(Income)/expense from equity method accounted investments	3	(2)
Depreciation, amortization and impairments of fixed and intangible assets	911	852
Other non-cash items	(2)	(13)
Underwriting activities:	16,983	11,101
Net changes in insurance contracts assets/liabilities	7,352	5,063
Net changes in reinsurance contracts assets/liabilities	217	(1,357)
Net changes in liabilities for investment contracts	9,414	7,395
Investments:	(16,507)	(6,881)
Net capital (gains)/losses on total investments	(16,295)	(12,387)
Net changes in derivatives	63	(56)
Net changes in money market investments	(1,252)	(429)
Sales and maturities		
Debt securities	75,261	63,529
Equity securities	68,553	53,752
Other	4,679	7,040
Purchases		
Debt securities	(76,490)	(60,812)
Equity securities	(67,614)	(52,020)
Other	(3,412)	(5,498)
Net changes in sale and repurchase agreements	395	(355)
Net changes in receivables and payables	(445)	(825)
Net changes in other operational assets and liabilities	286	(779)
Net changes in deferred tax assets and liabilities	278	(209)
Net cash provided by/(used in) operating activities	7,603	7,345

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

in USD millions, for the years ended December 31	2024	2023
Cash flows from investing activities		
Additions to tangible and intangible assets	(370)	(418)
Disposals of tangible and intangible assets	9	57
(Acquisitions)/disposals of equity method accounted investments, net	(85)	(39)
Acquisitions of companies, net of cash acquired	(1,078)	(734)
Divestments of companies, net of cash divested	115	–
Dividends from equity method accounted investments	5	2
Net cash provided by/(used in) investing activities	(1,404)	(1,132)
Cash flows from financing activities		
Dividends paid	(4,467)	(4,116)
Net movement in treasury shares	(1,309)	(2,023)
Issuance of debt	728	544
Repayment of debt	(1,117)	(1,196)
Lease principal repayments	(207)	(211)
Net cash provided by/(used in) financing activities	(6,372)	(7,002)
Foreign currency translation effects on cash and cash equivalents	(382)	278
Change in cash and cash equivalents[1]	(555)	(510)
Cash and cash equivalents as of January 1	7,645	8,155
Cash and cash equivalents as of December 31	**7,090**	**7,645**
of which: Cash and cash equivalents	6,768	7,280
of which: Unit-linked[2]	322	365
Other supplementary cash flow disclosures[3]		
Other interest income received	5,119	4,995
Dividend income received	1,240	1,164
Other interest expense paid	(507)	(534)
Income taxes paid	(1,702)	(1,665)

1 Includes USD 0 million and USD 56 million as of December 31, 2024 and 2023, respectively, of cash and cash equivalents reclassified to assets held for sale (see note 4), which has been recognized in net changes in other operational assets and liabilities.
2 These amounts are included within 'Investments for unit-linked contracts' on the balance sheet.
3 These amounts are primarily included in the operating activities of the cash flow statement.

Cash and cash equivalents

in USD millions, as of December 31	2024	2023
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	5,726	6,560
Cash equivalents	1,364	1,085
Total	**7,090**	**7,645**

For the periods ended December 31, 2024 and 2023, cash and cash equivalents held to meet local regulatory requirements were USD 306 million and USD 373 million, respectively.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity

in USD millions

	Share capital	Additional paid-in capital	Net unreal. gains/(losses) on financial assets
Balance as of December 31, 2022 after the adoption of IFRS 17	11	1,158	(7,949)
Effect of adoption IFRS 9[1]	–	–	667
Effect of adoption IAS 29 and restatement under IFRIC 7[2]	–	–	–
Balance as of January 1, 2023 after the adoption of IFRS 9, IAS 29 and restatement under IFRIC 7	11	1,158	(7,282)
Issuance of share capital	–	–	–
Dividends to shareholders	–	–	–
Share-based payment transactions	–	175	–
Treasury share transactions	–	–	–
of which: share buy-back program	–	–	–
Cumulative foreign currency translation adj. hyperinflation	–	–	–
Reclassification from revaluation reserves	–	–	–
Total comprehensive income for the period, net of tax	–	–	2,974
Net income	–	–	–
Net unreal. gains/(losses) on financial assets	–	–	2,974
Change in discount rate for insurance/reinsurance contracts	–	–	–
Change in fair value of underlying items through OCI	–	–	–
Cumulative foreign currency translation adjustment	–	–	–
Revaluation reserve	–	–	–
Net actuarial gains/(losses) on pension plans	–	–	–
Net changes in capitalization of non-controlling interests	–	–	–
Balance as of December 31, 2023	10	1,333	(4,307)
Balance as of December 31, 2023 as previously reported	10	1,333	(4,307)
Issuance of share capital	–	–	–
Dividends to shareholders[3]	–	–	–
Share-based payment transactions	–	77	–
Treasury share transactions	–	–	–
of which: share buy-back program[4]	–	–	–
Cumulative foreign currency translation adj. hyperinflation	–	–	–
Reclassification from revaluation reserves	–	–	–
Total comprehensive income for the period, net of tax	–	–	(144)
Net income	–	–	–
Net unreal. gains/(losses) on financial assets	–	–	(144)
Change in discount rate for insurance/reinsurance contracts	–	–	–
Change in fair value of underlying items through OCI	–	–	–
Cumulative foreign currency translation adjustment	–	–	–
Revaluation reserve	–	–	–
Net actuarial gains/(losses) on pension plans	–	–	–
Net changes in capitalization of non-controlling interests	–	–	–
Balance as of December 31, 2024	**10**	**1,410**	**(4,452)**

1 Impacts to retained earnings include the impact of deferred tax revaluations of USD 6 million, and exclude the effect of USD 522 million related to the overlay approach applied in 2022 for presentation of the comparative period balances for certain financial assets backing direct participating insurance contracts.
2 Effect of adoption of IAS 29 'Financial Reporting in Hyperinflation Economies' and Restatement under IFRIC 7 in Turkey.
3 As approved by the Annual General Meeting of shareholders on April 10, 2024, the dividend of CHF 26 per share was paid out of retained earnings on April 16, 2024.
4 On October 30, 2024 Zurich Insurance Group Ltd completed its public share buyback program of up to CHF 1.1 billion which it launched on June 17, 2024. 2,221,529 shares were repurchased at an average purchase price of CHF 495.15.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Change in discount rate for insurance/ reinsurance contracts	Change in fair value of underlying items through OCI	Cumulative foreign currency translation adjustment	Revaluation reserves	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
5,270	2,041	(10,433)	272	35,313	25,683	1,247	26,930
–	262	–	–	(553)	377	–	376
–	–	226	–	(86)	139	–	139
5,270	2,303	(10,208)	272	34,674	26,199	1,247	27,446
–	–	–	–	–	–	–	–
–	–	–	–	(3,877)	(3,877)	(239)	(4,116)
–	–	–	–	(69)	106	–	106
–	–	–	–	(1,763)	(1,762)	–	(1,762)
–	–	–	–	(1,561)	(1,561)	–	(1,561)
–	–	368	–	(31)	336	22	358
–	–	–	–	5	5	–	5
(979)	(1,250)	(776)	(18)	3,903	3,854	390	4,244
–	–	–	–	4,351	4,351		
–	–	–	–	–	2,974		
(979)	–	–	–	–	(979)		
–	(1,250)	–	–	–	(1,250)		
–	–	(776)	–	–	(776)		
–	–	–	(18)	–	(18)		
–	–	–	–	(448)	(448)		
–	–	–	–	–	–	–	–
4,291	1,053	(10,616)	254	32,842	24,860	1,419	26,280
4,291	1,053	(10,616)	254	32,842	24,860	1,419	26,280
–	–	–	–	–	–	–	–
–	–	–	–	(4,156)	(4,156)	(311)	(4,467)
–	–	–	–	(1)	76	–	76
–	–	–	–	(1,090)	(1,090)	–	(1,090)
–	–	–	–	(1,275)	(1,275)	–	(1,275)
–	–	382	–	44	426	30	456
–	–	–	–	1	1	–	1
81	104	(868)	(1)	6,182	5,354	211	5,566
–	–	–	–	5,814	5,814		
–	–	–	–	–	(144)		
81	–	–	–	–	81		
–	104	–	–	–	104		
–	–	(868)	–	–	(868)		
–	–	–	(1)	–	(1)		
–	–	–	–	368	368		
–	–	–	–	–	–	117	117
4,372	**1,158**	**(11,103)**	**254**	**33,823**	**25,472**	**1,466**	**26,938**

Zurich Insurance Group Ltd and its subsidiaries (collectively the Group) is a provider of insurance products and related services. The Group operates in Europe, Middle East & Africa (EMEA), North America, Latin America and Asia Pacific through subsidiaries, as well as branch and representative offices.

Zurich Insurance Group Ltd, a Swiss corporation, is the holding company of the Group and its shares are listed on the SIX Swiss Exchange. Zurich Insurance Group Ltd was incorporated on April 26, 2000, in Zurich, Switzerland. It is recorded in the Commercial Register of the Canton of Zurich under its registered address at Mythenquai 2, 8002 Zurich.

On February 19, 2025, the Board of Directors of Zurich Insurance Group Ltd authorized these audited consolidated financial statements for issue. These financial statements will be submitted for approval to the Annual General Meeting of Shareholders to be held on April 9, 2025.

1. Basis of presentation

General information

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and comply with Swiss Law. The accounting policies used to prepare the consolidated financial statements comply with IFRS Accounting Standards, including the adoption and implementation of new accounting standards and amendments for the financial year beginning January 1, 2024 as set out in note 2.

The accounting policies applied by the reportable segments are the same as those applied by the Group. The Group accounts for intersegment revenues and transfers as if the transactions were with third parties at current market prices. Dividends and realized capital gains and losses, as well as gains and losses on the transfer of net assets, are eliminated within the segment, whereas all other intercompany gains and losses are eliminated at Group level. In the consolidated financial statements, intersegment revenues and transfers are eliminated.

Certain amounts recorded in the consolidated financial statements reflect estimates and assumptions made by management about insurance and reinsurance contract assets and liabilities, investment valuations, interest rates and other factors. For more information about significant judgments applied, please see note 3.

All amounts in the consolidated financial statements, unless otherwise stated, are shown in U.S. dollars rounded to the nearest million, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

The following balances are generally considered to be non-current: equity securities, investment property, investments in associates and joint ventures, deferred tax assets, property and equipment, goodwill, attorney-in-fact contracts, other intangible assets and deferred tax liabilities.

The following balances are mixed in nature (including both current and non-current portions): debt securities, mortgage loans, other loans, insurance and reinsurance contract assets and liabilities, other assets, investments for unit-linked contracts, liabilities for investment contracts, obligations to repurchase securities, other liabilities, senior and subordinated debt, and assets and liabilities held for sale.

Effective January 2, 2024, the registered head office of Zurich Insurance plc (ZIP) was moved from Dublin, Ireland to Frankfurt, Germany by means of a cross-border conversion under the European Directive on cross-border conversions, mergers and divisions. While ZIP has converted to a German AG known as Zurich Insurance Europe AG (ZIE), it has preserved its legal personality in the conversion (i.e., no transfer of assets, dissolution or winding up were involved in this move).

Capital management and the effect of regulatory frameworks

The Group manages capital to maximize long-term value while meeting regulatory, solvency and rating agency requirements. The Group's capital management framework forms the basis for actively managing capital using a number of different capital models, taking into account economic, regulatory and rating agency constraints. The Group's capital and solvency position is monitored and regularly reported to the Executive Committee and Board of Directors.

Zurich's policy is to allocate capital to businesses earning the highest risk-adjusted returns, and to pool risks and capital as much as possible to operationalize its risk diversification. The Group's executive management determines the capital management strategy and sets the principles, standards and policies to execute the strategy, which is carried out by Group Treasury and Capital Management.

The Group's capital management program comprises various actions to optimize shareholders' total return and to meet capital needs, while enabling Zurich to take advantage of growth activities. Such activities include paying and receiving dividends, capital repayments, share buybacks, issuance of shares, issuance of senior and hybrid debt, securitization and purchase of reinsurance.

The Group endeavors to manage its capital so that its regulated entities meet local regulatory capital requirements. In each country in which the Group operates, the local regulator specifies the minimum amount and type of capital that each of the regulated entities must hold in addition to their liabilities. In addition to the minimum capital required to comply with the solvency requirements, the Group aims to hold an adequate buffer under local solvency requirements to ensure regulated subsidiaries can absorb a level of volatility and meet local capital requirements. In addition, the Group is subject to minimum capital requirements in Switzerland.

Principle exchange and discount rates

Table 1.1 summarizes the principal exchange rates used for translation purposes. Net gains/(losses) on foreign currency transactions included in the consolidated income statements were USD (153) million and USD (99) million for the years ended December 31, 2024 and 2023, respectively. Foreign currency exchange forward and swap gains/(losses) included in these amounts were USD 370 million and USD (226) million for the years ended December 31, 2024 and 2023, respectively.

Table 1.1

Principal exchange rates

USD per foreign currency unit

	Consolidated balance sheets at end-of-period exchange rates		Consolidated income statements and cash flows at average exchange rates	
	12/31/2024	12/31/2023	**12/31/2024**	12/31/2023
Euro	1.0353	1.1053	1.0821	1.0813
Swiss franc	1.1035	1.1874	1.1365	1.1132
British pound	1.2520	1.2737	1.2781	1.2434
Brazilian real	0.1619	0.2059	0.1865	0.2003
Australian dollar	0.6189	0.6817	0.6599	0.6644
Japanese yen	0.0064	0.0071	0.0066	0.0071

Tables 1.2 and 1.3 summarize the closing discount rates used for Group's most relevant insurance portfolios in the measurement of the (re-)insurance contract assets and liabilities as of December 31, 2024 and 2023, by major currency:

Table 1.2

Discount rates by major currency – liquid products

as of December 31

	2024				2023			
	U.S. dollar	**Swiss franc**	**Euro**	**British pound**	U.S. dollar	Swiss franc	Euro	British pound
1 year	4.18%	0.05%	2.24%	4.46%	4.76%	1.17%	3.36%	4.73%
5 years	4.02%	0.17%	2.14%	4.04%	3.50%	1.05%	2.32%	3.35%
10 years	4.07%	0.38%	2.27%	4.07%	3.45%	1.16%	2.39%	3.28%
20 years	4.10%	0.89%	2.26%	4.30%	3.46%	1.49%	2.41%	3.43%
40 years	3.65%	1.46%	2.54%	4.03%	3.18%	1.86%	2.69%	3.16%

Table 1.3

Discount rates by major currency – more illiquid products

as of December 31

	2024				2023			
	U.S. dollar	**Swiss franc**	**Euro**	**British pound**	U.S. dollar	Swiss franc	Euro	British pound
1 year	4.55%	0.50%	2.48%	4.70%	5.23%	1.53%	3.55%	5.03%
5 years	4.39%	0.62%	2.38%	4.28%	3.97%	1.41%	2.51%	3.65%
10 years	4.44%	0.83%	2.51%	4.31%	3.92%	1.52%	2.58%	3.58%
20 years	4.47%	1.32%	2.50%	4.54%	3.93%	1.83%	2.60%	3.73%
40 years	3.99%	1.75%	2.70%	4.27%	3.60%	2.09%	2.82%	3.46%

2. New accounting standards and amendments to published accounting standards

Standards, amendments and interpretations effective or early adopted as of January 1, 2024 and relevant for the Group's operations

Table 2.1 shows new accounting standards or amendments to, and interpretations of, standards relevant to the Group that have been implemented for the financial year beginning January 1, 2024, with no material impact on the Group's consolidated financial statements.

Table 2.1

Standard/ Interpretation		Effective date
Amended standards		
IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
IAS 1	Non-current Liabilities with Covenants	January 1, 2024
IAS 7/IFRS 7	Supplier Finance Arrangements	January 1, 2024

Standards, amendments and interpretations issued that are not yet effective or adopted by the Group

Table 2.2 shows new accounting standards or amendments to, and interpretations of, standards relevant to the Group, which are not yet effective or adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group's financial position or performance. Furthermore, amendments resulting from the annual improvements Volume 11 will have no material impact on the Group's financial statements.

Table 2.2

Standard/ Interpretation		Effective date
New standards/interpretations		
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amended standards		
IAS 21	Lack of Exchangeability	January 1, 2025
IFRS 9/IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 9/IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026

3. Summary of material accounting policies and critical accounting estimates and judgments

Material accounting policies applied in these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Other accounting policies are presented as part of the respective note disclosures.

Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires critical accounting estimates that involve discretionary judgments and the use of assumptions which are susceptible to change due to inherent uncertainties. Because of the uncertainties involved, actual results could differ significantly from the assumptions and estimates made by management.

Such critical accounting estimates are of significance to consolidation principles, measurement of insurance contracts issued and reinsurance contracts held, the determination of fair value for financial assets and liabilities, expected credit losses, impairment of goodwill and attorney-in-fact contracts, employee benefits and deferred taxes.

a) Consolidation principles

The Group's consolidated financial statements include the assets, liabilities, equity, revenues, expenses and cash flows of Zurich Insurance Group Ltd and its subsidiaries. A subsidiary is an entity that Zurich Insurance Group Ltd either directly or indirectly controls. Generally, control is achieved by holding the majority of the voting rights which allows the Group to control relevant activities of the subsidiary. The Group may hold significant interests in investment entities, where the voting rights are not the dominant factor of control. To the extent the Group is involved in the design and has significant exposure to the risks and variable returns from such investment entities, the Group is deemed to have control and consolidates such investment entities. The results of subsidiaries acquired are included in the consolidated financial statements from the date of acquisition or from the date on which control is obtained. The results of subsidiaries that have been divested during the year are included up to the date control ceased. All intra-Group balances, profits and transactions are eliminated.

Changes in ownership interests in a subsidiary that do not result in a change in control are recorded within equity.

Non-controlling interests are shown separately in equity, consolidated income statements, consolidated statements of comprehensive income and consolidated statements of changes in equity.

The consolidated financial statements are prepared as of December 31 based on individual company financial statements at the same date. In some cases, information is included with a time lag of up to three months. The impact on the Group's consolidated financial statements is not material.

Critical accounting estimates and judgments

Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services (see section g) for details). Farmers Exchanges are owned by their policyholders and directed by the Board of Governors. The Group does not consolidate the Farmers Exchanges as the Group does not have control over the relevant activities of the Farmers Exchanges.

b) Foreign currency translation and transactions

Foreign currency translation

Due to the Group's economic exposure to the U.S. dollar (USD), the presentation currency of the Group's consolidated financial statements is the U.S. dollar. Many Group companies have a different functional currency, being that of the respective primary economic environment in which these companies operate. Assets and liabilities are translated into the presentation currency at end-of-period exchange rates, while income statements, statements of comprehensive income and statements of cash flows are translated at average exchange rates for the period. The resulting foreign currency translation differences are recorded directly in other comprehensive income (OCI) as cumulative translation adjustments (CTA). The functional currency of the Group corresponds to the functional currency of the ultimate parent, Zurich Insurance Group Ltd, which is the Swiss franc (CHF).

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transaction or, for practical reasons, a weighted average rate, if exchange rates do not fluctuate significantly. Foreign currency monetary items and foreign currency non-monetary items that are carried at fair value are translated at end-of-period exchange rates. The resulting foreign currency translation differences are recorded in income, except for the following:

- Foreign currency translation differences that are recognized in OCI in conjunction with the recognition of unrealized gains or losses on debt securities held to collect contractual cash flows and for sale, changes in the discount rate for insurance contracts and reinsurance contracts held, and changes in the fair value of underlying items for insurance contracts; and
- Foreign currency translation differences arising on monetary items that form part of net investments in foreign operations, as well as foreign currency translation differences arising from monetary items that are designated as hedging instruments in a qualifying net investment hedge relationship, are included directly in OCI as CTA.

Hyperinflation

The Group considers various factors to determine whether an economy in a country where a foreign operation is situated is hyperinflationary, including the cumulative three-year inflation rate. If an economy becomes hyperinflationary, the financial statements of foreign operations with the functional currency of the hyperinflationary economy are restated to reflect the current purchasing power at the end of the reporting period using the official consumer price indices commonly used in the respective country. The restatement includes all balance sheet amounts that are not expressed in terms of the measuring unit current at the balance sheet date and items of comprehensive income for the current year by applying the change in the price index from the dates when the items of income and expense were originally recorded. The restated financial statements of a foreign operation are translated into the Group's presentation currency at closing rates. Any translation adjustment resulting from initial application of the hyperinflationary accounting is recognized directly in equity. The Group applies hyperinflationary accounting to its foreign operations with the functional currency of Argentinian peso (from January 1, 2019) and Turkish lira (from January 1, 2023).

c) Insurance contracts issued and reinsurance contracts held

Scope

The Group applies accounting policies outlined in this section to insurance contracts issued that transfer significant insurance risk from policyholders or other insurance companies to the Group and reinsurance contracts held that transfer significant insurance risk from the Group to third-party reinsurers. The significant insurance risk transfer is determined by comparing the present value of benefits payable if an insured event occurred with the present value of benefits payable if the insured event did not occur. This assessment is made on a contract-by-contract basis at initial recognition and not subsequently reassessed unless the contract has been modified (see below). Investment contracts with discretionary participation features (DPF) are accounted for as insurance contracts if the reporting entity also issues insurance contracts. Furthermore, financial guarantee contracts and certain fixed-fee service contracts (e.g., roadside assistance) issued by the insurance entities in the normal course of business are also accounted for as insurance contracts.

Separating components

The Group assesses its insurance contracts issued and reinsurance contracts held to determine whether they contain any of the following components which need to be separated and accounted for under another IFRS Accounting Standard:

- Derivatives embedded in insurance contracts where the economic characteristics and risks of the derivative contract are not closely related to those of the host contract, and a separate financial instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- Investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction are accounted for as investment contracts; or
- Distinct service components, such as unattached risk engineering service contracts, claims handling service contracts provided to policyholders within their layer of risk retention or captive fronting services, are accounted for as service contracts.

Level of aggregation

Generally, a single contract is the smallest unit of account. However, under certain circumstances, a single contract contains components that are separated and treated as if they were stand-alone contracts, provided the criteria below are fulfilled:

- The insurance components are priced separately and are, or could be, sold separately in the same jurisdiction;
- The substance of the contract to be separated is the same as issuing multiple separate contracts; or
- There is no interdependency between the different risks covered and a lapse or cancellation of one insurance component does not cause a lapse or cancellation of another insurance component.

Similarly, for insurance and reinsurance contracts entered into with the same counterparty, the Group makes an evaluation of whether they are designed to achieve an overall commercial effect and therefore need to be combined and treated as one contract. The Group combines certain captive arrangements, where the policyholder and the captive reinsurer are the same counterparty, that are designed to achieve an overall commercial effect, which results in the net retention by the Group presented both on balance sheet and in profit or loss.

The level of aggregation is determined by dividing the business written into portfolios comprising contracts subject to similar risks and managed together. Portfolios are further divided into annual cohorts with contracts issued no more than one year apart, which are divided into groups of contracts based on their expected profitability: (i) onerous contracts, if any; (ii) contracts with no significant possibility of becoming onerous, if any; and (iii) remaining contracts, if any. Depending on the characteristics of the portfolio, an annual cohort may consist of just one group. The Group chose to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The effect of such grouping is not material to the Group.

Initial recognition

The Group recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder becomes due (or when the first payment is received, if there is no due date); or
- An earlier date, if facts and circumstances indicate that the group is onerous.

Contract boundary

The measurement of a group of insurance contracts includes all future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied: (i) the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and (ii) the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Insurance contract classification

The Group issues non-life products including a variety of motor, home and commercial products for individuals as well as small and large businesses on both local and global basis predominantly through its Property & Casualty (P&C) operations. The majority of such insurance contracts are short-term and either have a contract boundary of one year or less or qualify for the simplified approach (or the premium allocation approach (PAA)) because the measurement of the liability for remaining coverage under PAA does not deviate significantly from the measurement that would apply under the general model (or the building block approach (BBA)). Therefore, such contracts are measured under PAA. Some non-life entities also issue individual accident and health products with a long-term contract boundary which are accounted for under BBA. The proportion of contracts accounted for under BBA is not material in the context of P&C insurance contract assets and liabilities.

Moreover, the Group issues life insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and traditional savings products, as well as private health, supplemental health and long-term care insurance. The majority of such insurance contracts are long-term and measured under BBA. Some life entities also issue short-term protection products that fulfill the eligibility criteria and are accounted for under PAA. The proportion of contracts accounted for under PAA is not material in the context of Life insurance contract assets and liabilities. Unit-linked insurance contracts and some traditional savings contracts issued in Switzerland, Germany, Italy, Portugal and Austria include policyholder participation features. Such contracts are classified as direct participating contracts and measured under the variable fee approach (VFA) if, at inception, all of the following criteria are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Some participating contracts do not meet the above criteria to be measured under VFA because of either the Group's discretion over the cash flows to be paid to policyholders (either in their timing or in their amount), or absence of a clearly identifiable pool of underlying items. Those contracts are accounted for under BBA indirect participating and presented as contracts measured under BBA in note 7. Furthermore, the Group applies BBA indirect participating measurement to certain contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders. For example, BBA indirect participating approach is applied to contracts where contractual cash flows are adjusted for inflation based on a market-observable index of prices or rates.

Insurance acquisition cash flows (IACF)

Insurance acquisition costs are selling, underwriting and initiating costs typically incurred prior to or at the start of the coverage period of a contract that are directly attributable to the acquisition of portfolios of insurance contracts, including, for example, sales commissions, direct response marketing, premium taxes and in-house expenses directly attributable to sales and policy issuance activities.

The Group allocates IACF to groups of insurance contracts in a systematic and rational way, differentiating between groups of contracts that have been recognized as of the reporting date and groups of contracts that will be recognized in the future, including expected contract renewals. IACF allocated to groups of insurance contracts not yet recognized as of reporting date are recognized as an asset presented within the insurance contract asset or liability attributable to the portfolio of insurance contracts until they are included in the measurement of the group of contracts recognized. At each reporting date, the Group assesses the recoverability of such assets for pre-coverage IACF based on the expected fulfillment cash flows of the related groups of contracts, if facts and circumstances indicate that the asset may be impaired.

IACF are amortized in a systematic way over the coverage period using the same pattern as for insurance revenue recognition. For contracts accounted for under PAA, certain acquisition cash flows are expensed as incurred for contracts where the coverage period of each contract in the group does not exceed one year.

Insurance service expenses

These expenses consist of claims and other insurance service expenses that the Group incurs to fulfill its obligations toward the policyholders that arise within the contract boundary of the underlying (re-)insurance contracts. They also include amortization of insurance acquisition cash flows, changes in the fulfillment cash flows relating the liability for incurred claims (LIC), losses on groups of onerous contracts and reversals of such losses, and impairment and reversal of impairment of assets for pre-coverage insurance acquisition cash flows. Costs incurred that cannot be directly attributed to portfolios of insurance contracts (e.g., costs incurred in connection with future business opportunities) are excluded.

Investment components

Investment components that are not separated based on the requirements outlined above are accounted for as part of the underlying insurance contract. Such investment components, which are treated as non-distinct components, represent amounts that the Group is required to repay to a policyholder under the terms of the insurance contract in all circumstances, regardless of whether an insured event occurs. For most life products measured under VFA, particularly for unit-linked insurance contracts, the Group defines the cash surrender value as the non-distinct investment component. Any cash flows related to investment components are excluded from insurance revenue and insurance service expenses.

Measurement under PAA

For non-participating insurance contracts that are eligible for PAA, the measurement of the liability for remaining coverage (unexpired risk) is simplified as compared with the measurement under BBA and is accounted for separately from incurred claims (expired risk).

The liability for remaining coverage (LRC) is measured initially based on the premium received less any payments that relate to eligible IACF. Subsequently, the LRC is reduced by the amount recognized as insurance revenue for services provided in the period less any amortization of IACF recognized as an expense in the period. Insurance revenue is generally recognized on a straight-line basis, unless a different pattern represents a better approximation of the release from risk under the insurance contract. Certain insurance contracts (e.g., extended warranty contracts) may include a significant financing component when the premium from the policyholder is due more than 12 months before the Group provides insurance coverage. In this case, the LRC is adjusted for the time value of money.

Where facts and circumstances indicate that a group of contracts is onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected. The net outflow is recorded immediately in profit or loss, resulting in the recognition of a loss component for the liability for remaining coverage and the carrying amount of the liability for the group of contracts being equal to the fulfillment cash flows.

The liability for incurred claims (LIC) reflects a current, explicit, unbiased and probability-weighted estimate of the present value of the expected future cash outflows considering all reasonable and supportable information available without undue cost or effort about the amount, timing, and uncertainty of those future cash flows. It includes an explicit adjustment for non-financial risk (the risk adjustment, see below). The risk adjustment is recognized as and when the claims are incurred and subsequently released to insurance service expense as the uncertainty associated with the amount and timing of claim payments is resolved.

Generally, the LIC is adjusted for the effect of time value of money and financial risk, unless the respective claims are expected to be paid within one year of being incurred. The Group selected the accounting policy to disaggregate the movement in the LIC resulting from changes in discount rates and to present this in OCI. The unwind of the discount on the LIC based on locked-in accident year discount rates is presented in profit or loss.

The Group accounts for premiums collected from the policyholders by intermediaries as future cash flows included in the measurement of corresponding groups of insurance contracts until they are settled or recovered in cash. Any premium receivables or accrued premium or claims payables that remain outstanding as of the reporting date are presented as part of the insurance contract assets or liabilities.

Measurement under BBA (including indirect participating BBA)

Each group of insurance contracts under BBA is measured as the sum of the fulfillment cash flows, comprising (i) estimates of future cash flows and (ii) risk adjustment for non-financial risk (see below), and the contractual service margin (CSM). The estimates of the future cash flows represent a current, present value, probability-weighted estimate that is consistent with observable market information and is adjusted to reflect financial risk. The CSM represents the margin the Group is charging for the service it provides in addition to the compensation it requires for bearing risk. The Group requires each group of contracts to be denominated in a single predominant currency of the cash flows within the group of contracts, which is not necessarily the same as the functional currency of the reporting entity issuing such insurance contracts.

On initial recognition, the CSM is measured as the difference between the expected present value of cash inflows and cash outflows, after adjusting for uncertainty and any cash flows received or paid before or on initial recognition.

Subsequently, at the end of each reporting period, each group of insurance contracts is measured as the sum of (i) the LRC reflecting the fulfillment cash flows related to future service; (ii) the CSM; and (iii) the LIC reflecting the fulfillment cash flows related to past service. The LIC is created when the Group has an obligation to pay valid claims for insured events that already occurred and other amounts related to past service.

The Group recognizes income and expense for the following changes in the carrying amount of the LRC:

- Insurance revenue – for the reduction in the LRC due to services provided in the period, excluding any investment components (see note 9 for the composition of insurance revenue recognized in the period);
- Insurance service expenses – for losses on groups of onerous contracts, and reversals of such losses; and
- Insurance finance income or expense – for the effect of the time value of money and financial risk.

The Group recognizes income and expense for the following changes in the carrying amount of the LIC:

- Insurance service expense – for the increase in the liability because of claims and expenses incurred in the period, excluding any investment components;
- Insurance service expense – for any subsequent changes in fulfillment cash flows relating to incurred claims and incurred expenses; and
- Insurance finance income or expense – for the effect of the time value of money and financial risk.

As part of the subsequent measurement, the fulfillment cash flows are updated to reflect current estimates, and the changes in the fulfillment cash flows are treated as follows:

- Experience adjustments that relate to current or past service are recognized immediately in profit or loss;
- Changes related to future service adjust the CSM measured using the discount rates as described below;
- Changes resulting from changes in discount rates are presented in OCI. The Group selected the accounting policy of disaggregating the movement in fulfillment cash flows between profit or loss and OCI; and
- Changes in estimates that arise as a result of changes in the application of discretion for groups of BBA indirect participating contracts, such as changes in the crediting percentage for policyholder participation, affect the future consideration that the Group will receive from the contract and adjust the CSM.

The CSM at the end of the reporting period is allocated over the current and remaining coverage period based on the coverage units. The coverage units represent the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The Group has determined the sum assured (or annuity) in force as the main driver of coverage units for insurance contract service for non-participating contracts. The CSM allocated to coverage units provided in the period is recognized in profit or loss as insurance revenue.

The Group may provide an investment-return service in addition to insurance contract service under some traditional savings insurance contracts without direct participating features (e.g., endowment contracts). Such service is deemed to exist only if such contracts involve an investment component or the policyholder has a right to withdraw an amount. The Group expects the investment component or amount the policyholder has a right to withdraw to include an investment return and the Group expects to perform investment activity to generate that investment return. Whenever the Group provides both insurance contract and investment-return services to the policyholder, the coverage units are appropriately weighted to reflect both services to allocate the CSM over the current and remaining coverage period. The Group has determined the assets under management (or equivalent) as the main driver of coverage units for investment-return service.

The risk adjustment is released as part of insurance revenue as the uncertainty associated with the amount and timing of benefit payments is decreased or resolved.

(Re-)insurance finance income or expense recognized in profit or loss are determined by a systematic allocation of the expected total finance income or expense over the duration of the group of insurance contracts. Depending on the nature of the insurance contracts, it reflects the effect of time value of money and financial risk as follows:

- For groups of contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholder (e.g., term life contracts), the systematic allocation is determined using a risk-free rate, plus an illiquidity premium that is locked at the inception of the group of contracts; and
- For groups of contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders (e.g., savings contracts with policyholder participation based on an index or a rate or other indirect participating contracts), the systematic allocation is determined using a rate that allocates the remaining revised expected insurance finance income or expense over the remaining duration of the group of contracts at a constant rate (effective yield).

Measurement under variable fee approach (VFA)

Insurance contracts that fulfill all the participating contracts criteria specified above are measured under VFA. These criteria ensure that insurance contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

- The obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- A variable fee that the Group will deduct from the above in exchange for the future service provided by the insurance contract, consisting of the amount of the Group's share of the fair value of the underlying items less fulfillment cash flows that do not vary based on the returns on underlying items.

The underlying items for unit-linked insurance contracts are the unit-linked assets typically held in pooled investment vehicles that meet the specific investment objective of the policyholders, who fundamentally bear the credit, market and liquidity risk of the related investments. The underlying items for traditional savings contracts issued in Switzerland, Germany, Italy, Portugal and Austria are the net assets, or a specified subset of the net assets, of the issuing insurance entity. The net assets, or a subset of the net assets, typically include financial instruments held in the Group investment portfolio (debt securities, equity securities, investment properties, mortgage loans and other assets).

For such contracts, in addition to the insurance contract service, the Group provides an investment-related service to the policyholders managing the underlying items on their behalf. The coverage units are appropriately weighted to reflect both services to allocate the CSM over the current and remaining coverage period. For these direct participating contracts and other savings contracts, the sum assured in force and assets under management (or equivalent) are included to reflect the weighting for insurance and investment services and the pattern of delivery of those services.

Measurement under VFA reflects the nature of participating contracts; therefore, changes in the amount of the entity's share of the fair value of the underlying items relate to future service and adjust the CSM. Similarly, the change in the effect of time value of money and financial risks not arising from the underlying items (for example, the effect of financial guarantees) relates to future service and adjusts the CSM, except where risk mitigation applies.

Risk mitigation applies in limited circumstances where the Group hedges the risks associated with such financial guarantees using derivative financial instruments or reinsurance contracts held under a documented risk management objective and strategy. In such cases, the changes in the effect of financial guarantees are recognized immediately in profit or loss in the same way as the changes in fair value of the derivative instruments. Other changes in the fulfillment cash flows are treated consistently with BBA measurement, i.e., they adjust CSM if related to future service, or are recognized immediately in profit or loss if related to current or past service. However, unlike BBA, all the adjustments are measured using current discount rates.

Where the underlying items are the net assets or a specified subset of the net assets of the issuing insurance entity, in addition to the participation in the returns from underlying financial assets, the policyholder participates in the risk and/or expense results. While the risk and expense results are included within the insurance service results, the policyholder participation thereof is included within the insurance finance income or expense.

Changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items do not relate to future service and do not adjust the CSM.

For all contracts with direct participation features where the Group holds the underlying items, the Group applies the accounting policy choice of disaggregating insurance finance income or expense for the period to include in profit or loss an amount that eliminates accounting mismatches, with income or expense included in profit or loss on the underlying items held.

Reinsurance contracts held

The Group enters into reinsurance contracts in the normal course of business to limit the potential for losses arising from certain exposures. Reinsurance contracts do not relieve the Group as the originating insurer of its liability. Reinsurance contracts held are recorded separately unless the contract combination criteria specified above are fulfilled.

Similar to insurance contracts issued, reinsurance contracts held are accounted for under PAA, if the qualifying criteria for PAA are fulfilled, or BBA in all other cases. The following differences specifically apply to reinsurance contracts held:

- Classification: Reinsurance contracts held can never be classified as direct participating contracts; hence, measurement under VFA does not apply.
- Level of aggregation: Reinsurance contracts held cannot be onerous; therefore, at initial recognition, the groups of reinsurance contracts held comprise (i) contracts in a net gain position, if any; (ii) contracts with no significant possibility of turning into a net gain position subsequently, if any; and (iii) remaining contracts, if any.
- Recognition of the CSM: As reinsurance contracts held cannot be onerous, for the groups of reinsurance contracts held accounted for under BBA, the CSM is recognized regardless of whether the reinsurance contract is a net gain or a net cost for the Group.
- Recognition of the risk of non-performance: The measurement of reinsurance contracts held includes the effect of non-performance risk of the reinsurer which considers the reinsurer's credit rating and the expected recovery period.
- Presentation: The Group presents the income or expense from reinsurance contracts held, other than reinsurance finance income or expense, as a single amount in profit or loss.

Reinsurance contracts held are measured using assumptions consistent with the assumptions used for the underlying insurance contracts for the fulfillment cash flows. The risk adjustment for non-financial risk represents the amount of risk being transferred by the holder of the reinsurance contract to the issuer of that contract. Consistent with the underlying insurance contracts, the Group made an accounting policy choice of disaggregating the reinsurance finance income or expense between profit or loss and OCI.

If reinsurance contracts held cover underlying onerous insurance contracts, a loss recovery component is established if the Group enters into such reinsurance contracts at or before the date when the losses or reversals of losses on the underlying insurance contracts are recognized. The loss recovery component is measured by reference to the percentage of claims from underlying onerous insurance contracts expected to be recovered from the reinsurance contracts held.

Critical accounting estimates and judgments

Non-life contracts

The Group is required to establish a LIC for payment of losses and loss adjustment expenses that arise from the Group's non-life products. These liabilities represent the expected ultimate cost to settle claims occurring prior to, but still outstanding as of, the balance sheet date. The Group establishes its liabilities by product line, type and extent of coverage, and year of occurrence. There are two categories of the LIC: liability for reported losses, and liability for incurred but not reported (IBNR) losses. Additionally, the LIC is held for loss adjustment expenses, which contain the estimated legal and other expenses expected to be incurred to finalize the settlement of the losses.

The Group's liability for reported losses and loss adjustment expenses is based on estimates of future payments to settle reported claims. The Group bases such estimates on the facts available at the time the liability is established, considering the estimated costs of bringing pending claims to final settlement. The liability takes into account inflation, as well as other factors that can influence the amount required to fulfil the Group's obligations, some of which are subjective and some of which are dependent on future events. In determining the level of the liability, the Group considers historical trends and patterns of loss payments, pending levels of unpaid claims and types of coverage. In addition, court decisions, economic conditions and public attitudes may affect the ultimate cost of settlement and, as a result, the Group's estimation of the liability. Between the reporting and final settlement of a claim, circumstances may change which may result in changes to established liability. Items such as changes in law and interpretations of relevant case law, results of litigation or changes in medical costs, as well as costs of vehicle and home repair materials and labor rates can substantially impact ultimate settlement costs. Accordingly, the Group reviews and reevaluates claims and their liabilities on a regular basis. Amounts ultimately paid for losses and loss adjustment expenses can vary significantly from the level of liabilities originally set.

The Group establishes the liability for IBNR losses to recognize the estimated cost of losses for events which have already occurred, but for which the Group has not yet been notified. This liability is established to recognize the estimated costs required to bring such claims to final settlement. As these losses have not yet been reported, the Group relies upon historical information and statistical models, based on product line, type and extent of coverage, to estimate its IBNR liability. The Group uses reported claim trends, claim severities, exposure growth and other factors in estimating its IBNR liability. The liability is revised as additional information becomes available and as claims are actually reported.

The time required to learn of and settle claims is an important consideration in establishing the Group's LIC. Short-tail claims, such as those for motor and property damage, are normally reported soon after the incident and are generally settled within months. Long-tail claims, such as bodily injury, pollution, asbestos and product liability, can take years to develop and additional time to settle. For these claims, information concerning the event, such as the required medical treatment for bodily injury claims and the required measures to clean up pollution, may not be readily available. Accordingly, the reserving analysis of long-tail lines of business is generally more difficult and subject to greater uncertainties than for short-tail claims.

Since the Group does not establish a liability for catastrophes in advance of the occurrence of such events, these events may cause volatility in the levels of its LIC subject to the effects of reinsurance recoveries. This volatility may also be contingent upon political and legal developments after the occurrence of the event.

The Group uses a number of accepted actuarial methods to estimate and evaluate the amount of the LIC. The nature of the claims being reserved for and the geographic location of the claims influence the techniques used by the Group's actuaries. Additionally, the Group's Corporate Center actuaries perform periodic reserve reviews of the Group's businesses throughout the world. Management considers the results of these reviews and adjusts its liabilities, where necessary.

The process of establishing the amount of the LIC is complex and deals with uncertainty, requiring the use of informed estimates and judgments considering the time value of money and the uncertainty about the amount and timing of the cash flows that arise from non-financial risk. Any changes in estimates or judgments are reflected in profit or loss in the period in which estimates and judgments are changed.

Significant delays may occur in the notification and settlement of claims, and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The LIC is determined on the basis of the information available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Life contracts

The measurement of life insurance contracts involves a number of assumptions regarding mortality or longevity, lapses, surrenders, expenses, future policyholder participation (or profit sharing), discount rates and investment returns. These assumptions can vary by country, year of policy issuance and product type, and are determined with reference to past experience adjusted for new trends, current market conditions and future expectations. As such, the amounts included in future cash flows may not represent the ultimate amounts paid out to policyholders. For example:

- The estimated number of deaths determines the value of the benefit payments. The main source of uncertainty arises because of the potential for pandemics and wide-ranging lifestyle changes, such as changes in eating, smoking and exercise habits, which could result in earlier deaths for age groups in which the Group has significant exposure to mortality risk.
- For contracts that insure the risk of longevity, such as annuity contracts, an appropriate allowance is made for people living longer. Continuing improvements in medical care and social conditions could result in further improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.
- Under certain contracts, the Group has offered product guarantees (or options to take up product guarantees), including fixed minimum crediting interest rate or fixed minimum annuity benefits. In determining the value of these options and/or benefits, estimates have been made as to the percentage of policyholders that may exercise them. Changes in investment conditions could result in significantly more policyholders exercising their options and/or benefits than had been assumed.
- Estimates are made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions are determined with reference to current and historical customer data, as well as industry data. Assumptions also reflect expected earnings on the assets supporting the future policyholder benefits. The information used by the Group's qualified actuaries in setting such assumptions includes, but is not limited to, pricing assumptions and available experience studies based on internal and external data. Expert judgment is involved in setting these assumptions, which are subject to a review and governance process that involves significant effort; therefore, it is generally performed on an annual basis.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts that arises from non-financial risk (insurance risk and other non-financial risk such as lapse risk). The risk adjustment is an explicit adjustment to the estimates of future cash flows to reflect the compensation the Group would require to make it indifferent between fulfilling a liability that has a range of possible outcomes arising from non-financial risk and fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts.

The Group estimates the risk adjustment using a confidence level approach, taking into account the Group's internal view of the level of capital required in order to continue operating on a going-concern basis based on the Group's target Swiss Solvency Test (SST) ratio. The risk adjustment is calibrated as the value at risk (VaR) at the defined target confidence level minus the expected value of the future cash flows using simulations of the distribution of the future cash flows. This distribution is based on the SST framework and model, with a few modifications considering the different purpose of the IFRS 17 risk adjustment.

Separate target confidence levels apply to the distribution of cash flows of long-duration (predominantly life) and short-duration (predominantly non-life) (re-)insurance contracts. The confidence levels fall within the following ranges: 74 – 79 percent for short-duration and 90 – 95 percent for long-duration (re-)insurance contracts.

In line with the internal capital model used by the Group, these ranges are defined net of external reinsurance. The risk adjustment for the reinsurance contracts held is determined consistently with the risk adjustment for insurance contracts issued.

The Group disaggregates the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expense, and the latter between profit or loss and OCI, so that the movement in risk adjustment resulting from changes in discount rates is presented in OCI.

Critical accounting estimates and judgments

The risk adjustment is the measure of the compensation required by the Group for the uncertainty arising from non-financial risks. As such, it is based on subjective considerations that take into account Zurich's internal view of the capital required to continue operating on a going-concern basis.

To support the selection of the confidence levels, a quantitative analysis is performed. This quantitative analysis is aimed at defining ranges of justifiable percentiles for life and non-life businesses separately, determined by calculating, with different sets of assumptions, the financial compensation the Group requires on the SST capital (defined accordingly with the internal capital targets) to cover the non-financial risks over the outstanding run-off period of the insurance liabilities.

As with any other risk capital model, the SST model is subject to simplification and application of expert judgments. These include, for example, assumptions on the shape of the distributions and on the geographical and risk dependencies, among others. The full list of assumptions, simplifications and expert judgments applied in the model are outlined in the documentation regularly provided to FINMA. These are validated regularly by the Group to ensure the overall adequacy of the risk model.

The Group percentiles selected for life and non-life businesses are expected to fall within the ranges described above. However, an additional uplift factor may be applied locally to the risk adjustment for specific contracts or groups of contracts, where there is a higher level of uncertainty around the compensation required for bearing non-financial risks. For example, an uplift factor may be applied to a specific contract or group of contracts where key long-term best estimate assumptions used to project the fulfillment cashflows have been set based on expert judgment in the absence of credible experience data.

The key assumptions in the determination of the risk adjustment percentiles are:

- Assumed cost of capital rate: the long-term mean of the weighted average cost of capital is used;
- Level of group diversification: the risk adjustment allows for diversification of non-financial risks among the Group's reporting entities as well as diversification of non-financial risks with financial risks;
- Target capitalization under the Group's internal capital model: the Group's target capitalization under SST is used. Under SST, the Group has defined a minimum solvency ratio target requirement only (≥ 160 percent SST ratio); hence, assumptions are made on the level of capitalization that Zurich would be expected to maintain on a going-concern basis over and above the minimum target;
- Level of segmentation: separate percentiles are defined for life and non-life businesses; and
- Higher levels of expert judgment in the absence of credible demographic assumptions used in cashflow projection: an uplift may be applied to the risk adjustment in respect of a portfolio or product where the Group has concerns over the credibility of assumptions used.

Discount rates

The Group applies bottom-up discount rates for most groups of insurance contracts issued and reinsurance contracts held. Bottom-up discount rates are constructed using risk-free rates, plus an illiquidity premium, where applicable. Risk-free rates are determined by reference to the market interest rates (either swap rates or yields of highly liquid sovereign securities) in the currency of the underlying cash flows for the groups of (re-)insurance contracts. Whenever the expected timing of the cash flows exceeds the liquid part of the yield curve in the respective currency (the last liquid point), the risk-free interest rate is extrapolated to converge toward a long-term rate (the ultimate forward rate) using widely accepted extrapolation techniques (Smith-Wilson algorithm). The illiquidity premium is determined by reference to observable market spreads for illiquid instruments (e.g., corporate debt, etc.) adequately corrected to remove credit risk.

Derecognition and contract modification

The Group derecognizes an insurance contract only when the obligation specified in the insurance contract expires or is discharged or canceled, or if the contract is modified in a way that requires derecognition of the original contract and recognition of the new contract with modified terms. The exercise of a right included in the terms of a contract is not a modification.

When an insurance contract is extinguished, the entity is no longer at risk and is therefore no longer required to transfer any economic resources to satisfy the insurance contract. Typically, when the Group buys reinsurance, the underlying insurance contract(s) continue to be recognized as the respective obligations are not extinguished.

If the terms of an insurance contract are modified, for example, by agreement between the parties to the contract or by a change in regulation, the Group derecognizes the original contract and recognizes the modified contract as a new contract, if any of the conditions below are satisfied:

a) If the modified terms had been included at contract inception:

- The modified contract would not be an insurance contract; or
- The Group would have separated different components from the host insurance contract resulting in a different insurance contract; or
- The modified contract would have had a substantially different contract boundary; or
- The modified contract would have been included in a different group of contracts.

b) The original contract met the definition of an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

c) The entity applied the premium allocation approach to the original contract, but the modifications indicate that the contract no longer meets PAA eligibility criteria.

If a contract modification meets none of the above conditions, the changes in cash flows caused by the modification are treated as changes in estimates of fulfillment cash flows.

A reinsurance contract is derecognized when the contractual rights to the cash flows expire.

Treatment of accounting estimates

The Group prepares interim financial statements semi-annually and applies an accounting policy choice to change the treatment of accounting estimates made in the first semi-annual financial statements when preparing the annual financial statements (i.e., applying a year-to-date approach). This accounting policy choice applies to all (re-)insurance contracts issued and reinsurance contracts held.

Summary of IFRS 17 transition approach and effect

IFRS 17 was applied to (re-)insurance contracts issued and reinsurance contracts held retrospectively from January 1, 2022. The Group determined the transition approach for groups of insurance contracts, depending on the availability of reasonable and supportable historic information. The selected transition approach affected the measurement of the CSM on initial adoption of IFRS 17 as follows:

- Fully retrospective approach – the CSM is based on initial assumptions when groups of contracts were incepted and rolled forward to the date of transition as if IFRS 17 had always been applied;
- Modified retrospective approach – the CSM is calculated using modifications allowed by IFRS 17, taking into account the actual pre-transition fulfillment cash flows; and
- Fair value approach – the CSM at transition is calculated as the difference between the fair value of a group of contracts, without the consideration of the demand deposit floor requirement, and the respective fulfillment cash flows measured at the transition date.

In applying the modified retrospective and fair value approaches for certain groups of non-life and life (re-)insurance contracts, the Group used the modifications allowed under IFRS 17, such as grouping contracts issued more than one year apart into a single group for measurement purposes or applying interest rates as of the transition date and setting the cumulative amount of (re-)insurance finance income or expense recognized in OCI to nil. In addition, the Group applied a modification for certain groups of non-life insurance contracts with long-tail outstanding claims at the transition date. The unwinding of the discount on the liability for incurred claims was based on the locked-in discount rates as of the transition date instead of the locked-in accident year discount rates. Furthermore, where the Group applied a modification for certain groups of life direct participating insurance contracts that were accounted for under VFA where the Group holds the underlying items, the cumulative difference in OCI was set equal to the cumulative amount recognized in OCI on the underlying items as of the transition date.

The relevant disclosures for (re-)insurance contracts issued and reinsurance contracts held are presented in note 7.

d) Liabilities for investment contracts (without DPF)

Investment contracts are those contracts that do not transfer significant insurance risk and do not include discretionary participation features (DPF). The Group predominantly issues investment contracts without fixed terms (refer to unit-linked investment contracts below) and to a lesser extent investment contracts with fixed and guaranteed terms (e.g., fixed interest rate), which are measured at amortized cost using the effective interest rate method.

Unit-linked investment contracts

Unit-linked investment contracts are contracts referencing unit-linked asset portfolios maintained to meet the specific investment objectives of policyholders who bear the credit, market and liquidity risks related to the investments. The liabilities are carried at fair value, which is determined by reference to the underlying financial assets. Changes in fair value are recorded in profit or loss. The related assets for unit-linked investment contracts are designated at fair value through profit or loss (FVPL) to reduce measurement inconsistencies. The services provided by the Group under such contracts are investment management and policy administration services that are provided over time and are not contingent on meeting specified performance criteria. Fees from such services are recognized ratably over the service period as fee income. Refer to note 10 for further information.

e) Group investments, investments for unit-linked contracts and other financial assets excluding derivative financial instruments

Classification, measurement and presentation of financial assets

The classification and measurement of Group investments is driven by the business model under which these assets are held and by their contractual cash flow characteristics. The combined effect of the business model and contractual terms assessment (also referred to as 'solely payments on principal and interests test' (SPPI test)) determines whether the debt instruments are measured at amortized cost, fair value with changes recognized in other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The Group primarily holds financial assets to fund insurance liabilities. Specifically, financial assets and insurance liabilities are economically linked and jointly managed with the aim of matching the duration of the assets with the expected obligation toward policyholders. To ensure that the contractual cash flows from the financial assets are sufficient to settle insurance liabilities as they become due, the Group may undertake significant buying and selling activities on a regular basis to rebalance its asset portfolio and to meet day-to-day cash flow needs as they arise. Consequently, the majority of the financial assets, including government and supra-national bonds, mortgage- and other asset-backed securities (MBS/ABS), as well as syndicated loans and other corporate debt, are 'held to collect contractual cash flows and for sale' (HtC&S). Furthermore, the Group has identified specific portfolios that are managed with the aim of holding assets only to collect contractual cash flows over the life of the instrument. These financial assets are managed in the business model 'held to collect contractual cash flows' (HtC) and include certain private debt portfolios (for example, commercial real estate, infrastructure and other private debt), mortgage loans and other financial assets (bank deposits, lease and trade receivables), as well as high-quality government bonds held in the Zurich Italy Bank S.p.A.'s proprietary portfolio to cover structural excess liquidity.

Debt instruments with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) are measured at either amortized cost or FVOCI, unless they are managed on a fair value basis.

Debt instruments held under the HtC&S business model that pass the SPPI test are measured at FVOCI. Interest income is determined using the effective interest rate method and included in net investment income. The cumulative unrealized gains or losses recorded in OCI are net of the expected loss allowance and income taxes. When financial assets measured at fair value through OCI are derecognized, the cumulative gains or losses are reclassified from OCI to profit or loss as net capital gains/(losses) on investments. Loss allowances for expected credit losses and any subsequent changes are recorded in profit or loss within net capital gains/(losses) on investments.

Debt instruments held under the HtC business model that pass the SPPI test are carried at amortized cost using the effective interest rate method. Loss allowances for expected credit losses and individual credit impairments are recognized in profit or loss within net capital gains/(losses) on investments, with a corresponding reduction in the gross carrying amount of the financial asset.

Financial assets that fail the SPPI test are always measured at fair value through profit or loss (FVPL). Such assets include equities, fund investments, callable bonds with significant prepayment features, hybrid bonds with certain cash flows at the discretion of the issuer and some MBS/ABS that do not fulfill the SPPI criteria for contractually linked instruments. The significance of the prepayment feature is assessed at the date of the initial recognition of the financial asset as well as whenever additional purchases of the same instrument occur within the same portfolio.

In addition to financial assets that fail the SPPI test, the Group designates investments held for unit-linked insurance and investment contracts as well as some other investment portfolios backing specific portfolios of insurance contracts at FVPL in order to eliminate or significantly reduce a measurement inconsistency that would otherwise arise from measuring assets or recognizing the gains and losses on these assets on a different basis to the liabilities. Realized and unrealized gains and losses arising from changes in the fair value of such investments are recognized in profit or loss within net capital gains/(losses) on investments in the period in which they arise. Interest income determined using the effective interest rate method and dividend income from non-unit-linked financial assets at FVPL are included in net investment income. Interest income and dividend income from unit-linked financial assets at FVPL are included in the net investment result on unit-linked investments.

The Group did not make use of the option to present changes in fair value of certain equity instruments that are not held for trading in OCI with no subsequent reclassification of realized gains or losses to profit or loss.

The Group recognizes regular purchases and sales of financial assets on the trade date, which is the date on which the Group commits to purchase or sell the asset.

Group investments are grouped together based on their nature and considering their shared risk characteristics as follows:

- Equity securities and unconsolidated investment funds include equity instruments held that do not result in control or significant influence by the Group, and fund investments where the Group does not have control over the investment vehicle;
- Debt securities include government and supra-national bonds, corporate debt and MBS/ABS;
- Mortgage loans include predominantly retail residential mortgages; and
- Other loans mainly include private debt investments (such as infrastructure and commercial real estate loans and private placements) typically managed by third-party asset managers and subject to a ratings-based approach for credit risk monitoring, as well as lease receivables and non-unit-linked deposits held as part of Group investments.

Group investments further include investment property accounted for at FVPL. Rental income from investment property is recognized on a straight-line basis over the lease term and included in net investment income, net of operating rental expenses. Please see note 5 for further information on Group investments.

Cash on hand, deposits held at call with banks, cash collateral received and other highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible into cash and are subject to an insignificant risk of changes in fair value are included in cash and cash equivalents.

Trade receivables are presented as part of other assets.

Critical accounting estimates and judgments

In determining the fair values of investments in debt and equity instruments traded on exchanges and in over-the-counter (OTC) markets, the Group makes extensive use of independent, reliable and reputable third-party pricing providers, and only in rare cases places reliance on valuations that are derived from internal models.

In addition, the Group's policy is to ensure that independently sourced prices are developed by making maximum use of current observable market inputs derived from orderly transactions and by employing widely accepted valuation techniques and models. When third-party pricing providers are unable to obtain adequate observable information for a particular financial instrument, the fair value is determined either by requesting selective non-binding broker quotes or by using internal valuation models.

Valuations can be subject to significant judgment, especially when the fair value is determined based on at least one significant unobservable input parameter; such items are classified within level 3 of the fair value hierarchy. See notes 5 and 22 for further information regarding the estimate of fair value.

Recognition of expected credit losses

Expected credit loss (ECL) is recognized for debt securities measured at amortized cost, debt securities measured at FVOCI, mortgage loans, lease and trade receivables, and reflects the difference between the contractual cash flows of the instrument and the cash flows the Group expects to receive. ECL is recognized on the following basis:

- 12-months ECL is recognized from the initial recognition of a debt instrument and reflects a portion of lifetime expected credit losses that would result from default events that are possible within 12 months after the reporting date (12-months ECL). The Group applies the low credit risk simplification to recognize 12-months ECL for all financial instruments that have an internal or external investment grade credit rating. Instruments for which 12-months ECL is recognized are referred to as stage 1; and
- Lifetime ECL is recognized in the event of a significant increase in credit risk (SICR) since initial recognition and reflects lifetime expected credit losses over the expected life of the financial instrument (lifetime ECL). The Group applies a permitted simplification to recognize lifetime ECL for all trade receivables. Instruments with lifetime ECL are referred to as stage 2. Lifetime ECL is also recognized for credit-impaired financial instruments, referred to as stage 3. Stage 3 includes instruments that are non-performing or for which a default event has occurred. The Group presents the gross carrying amount of such assets net of lifetime ECL.

At each reporting date, an assessment is conducted to determine whether a SICR has occurred since the initial recognition of a financial asset not covered by the low credit risk practical expedient and/or whether the financial asset has become credit impaired.

Critical accounting estimates and judgments

In the assessment for SICR, the Group considers all relevant reasonable and supportable information, including information about past events and current and future economic conditions, available either on an individual or on a collective basis.

When an external or internal rating is available, the Group applies the low credit risk practical expedient by assuming that no increase in credit risk has occurred since initial recognition for financial assets that have an external or internal rating equivalent to 'investment grade' (i.e., AAA to BBB–) at the reporting date. This approach is applied to government and supra-national bonds, mortgage- and other asset-backed securities, as well as corporate debt, including commercial real estate, infrastructure and other private debt.

For all debt instruments rated below investment grade, the Group determines SICR thresholds that vary depending on the credit rating at initial recognition and the residual life of the instruments. The SICR threshold is calibrated such that the lower the probability of default at inception, the higher the relative credit deterioration is required to trigger a SICR. If the credit rating of the instrument at the reporting date is equal to or below the trigger level, the instrument is deemed to have experienced SICR.

Irrespective of the SICR assessment based on default probabilities, credit risk is generally deemed to have significantly increased if the contractual payments are more than 30 days past due. SICR is no longer observed if the rating at the reporting date is above the trigger level indicated in the notching table and the rating has improved by at least one notch since the previous reporting date, in which case the instrument transitions back to stage 1.

For all material exposures, including those with low credit risk at the reporting date, the SICR assessment outlined above is supplemented by a qualitative assessment of the issuer's credit quality through a forward-looking watch list that includes exposures with negative rating outlook and downward rating momentum and that are close to the thresholds for stage change. This is further complemented by fundamental research and expert opinion and presented to the Credit Valuation Committee (CVC) comprising representatives of Group Investment Management, Group Risk and Group Finance. The CVC takes the final decision on the stage allocation.

The mortgage loan portfolio predominantly consists of residential and small commercial real estate loans. The exposures are grouped into homogenous buckets in terms of geographic location (mainly Switzerland, Germany, Italy) and property type (residential versus commercial). The forward-looking loan-to-value (LTV) is within the range of 40–67 percent for the Swiss portfolio and 10–25 percent for the German portfolio. The SCIR is assessed using the number of past due days, the actual affordability on the customer level as well as forward-looking LTV, which is derived from the expected evolution in the property prices.

Forward-looking scenarios and measurement of expected credit losses

Expected credit losses reflect an unbiased, probability-weighted estimate based on possible default events either over the next 12 months or over the remaining life of a financial instrument. The ECL is calculated using a combination of the following main input parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

For originated residential and small commercial mortgage loan portfolios, the forward-looking parameters are derived from the evolution of the real estate prices by property type, as well as actual affordability of the loan for a customer. The Group records expected credit losses on mortgages; however, the ECL amount may be rather insignificant for mortgages with very low LTV.

For unrated exposures, for example, trade receivables, the ECL is measured using an expected loss rate provision matrix, based on historical observed default rates (adjusted and regularly updated for forward-looking estimates), depending on the past due status. For this purpose, the exposures are grouped into sub-portfolios that are homogeneous in terms of loss pattern, and specific loss rates are assigned depending on the number of days past due. From the provision matrix, the calculation of the ECL is determined by multiplying the gross carrying amount of the exposure by the given expected loss rate.

Critical accounting estimates and judgments

For rated debt securities, the Group determines the forward-looking inputs by evaluating a range of possible outcomes. A scenario-based approach is applied whereby three scenarios (downside scenario, base case and upside scenario) are modelled once a year, taking into consideration potential developments of relevant macroeconomic variables (GDP growth, 10-year interest rates and credit spreads) in the U.S. and eurozone over a one-year horizon. If no internal or external credit rating is available (e.g., due to timing constraints), the Group assigns a fallback rating which is used to derive the ECL parameters (i.e., exposures are assigned A– if the issuer is domiciled in a country with investment grade sovereign rating, while B– is assigned to other exposures).

Each of the forward-looking scenarios applied is based on management assumptions about future macroeconomic conditions. Additional judgment is required to assign a weight to each scenario which reflects the probabilities that the respective set of macroeconomic variables will materialize. The economic scenarios are developed by Group Investment Management – Market Strategy and Macroeconomics, which proposes the scenario weightings based on Group forward-looking expectations. The final decision on scenario weighting lies with the CVC where Group functions can challenge the selection and weights of different scenarios. Changes to the scenario weights and macroeconomic assumptions taken could have a significant effect on ECL. See note 23 for further details.

Exchange or modification of financial assets

The Group may enter into transactions involving the exchange of financial assets with one or multiple financial assets. Furthermore, the terms of financial assets may be modified subsequent to initial recognition. When the contractual terms of the financial asset(s) received in an exchange transaction or upon modification are significantly different from the original financial asset, the Group derecognizes the original asset. In certain cases, such exchange or modification results from the financial distress of the original debtor, in which case an exchange or modification of financial assets may involve recognition of purchased or originated credit-impaired (POCI) financial instruments. POCI financial instruments are initially recognized at fair value with interest income subsequently being accrued based on a credit-adjusted effective interest rate. Changes in lifetime ECL since initial recognition are recognized in profit or loss within net capital gains/(losses) on investments.

If an exchange or modification does not result in derecognition of the financial asset held, any modification gain or loss is recorded in profit or loss within net capital gains/(losses) on investments. Furthermore, the SICR assessment is performed by comparing the current risk of default with the risk of default at initial recognition based on the original and unmodified contractual terms.

Defaulted and credit-impaired financial assets

The Group considers the financial asset as defaulted when one or a combination of events with detrimental impact on the estimated cash flows of the financial asset have occurred (i.e., an incurred credit loss event). The Group places emphasis on counterparty specific factors, such as significant financial difficulty, default or delinquency on interest or principal payments. In addition, the Group usually considers that default does not occur later than when a financial asset is 90 days past due. Nevertheless, for certain exposures, such as Swiss residential mortgage loans, historical evidence indicates there is no correlation between default and payments being more than 90 days past due, but such correlation can be identified, for example, when payments are more than 180 days past due. Therefore, these latter exposures are considered defaulted when payment is overdue for more than 180 days. If one or more default events have occurred, the Group considers the financial assets as credit impaired and recognizes individual credit impairment directly as a reduction of the gross carrying amount. In the rare case of default on mortgage loans, the Group may enter forbearance measures, including temporary postponement of contractual payments, to enable the recovery of the mortgage loan.

Financial assets and the related credit impairment allowances are partially or fully written off when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The write-offs represent partial or full derecognition events.

f) Derivative financial instruments and hedge accounting

Derivative financial instruments are used by the Group to economically hedge risks. Derivative financial instruments are carried at fair value. The changes in fair value of derivative financial instruments are recognized in profit or loss, except where such derivative financial instruments are designated under a qualifying cash flow or net investment hedge relationship.

Derivative financial instruments that qualify for hedge accounting

In limited circumstances, derivative financial instruments are designated as hedging instruments for accounting purposes in:

- Fair value hedges, which are hedges of the exposure to changes in the fair value of a recognized asset or liability;
- Cash flow hedges, which are hedges of the exposure to variability in cash flows attributable to a particular risk either associated with a recognized asset or liability, or a highly probable forecast transaction that could affect profit or loss; or
- Net investment hedges, which are hedges of a net investment in a foreign operation.

All hedge relationships are formally documented, including the risk management objectives and strategy for undertaking the hedge, the identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedge effectiveness assessment is made, including the analysis or sources of hedge ineffectiveness and description of how the hedge ratio is determined. Differences in critical terms, the effect of credit risk or differences in the time value of money could be sources of ineffectiveness. To a limited extent, ineffectiveness may also arise from the currency basis spread of cross-currency swaps, or from the forward elements of forward contracts, if these are not excluded from the hedge designation.

At inception of a hedge, the hedge relationship is formally assessed to determine whether the hedging instruments are expected to be highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risk. Subsequently, the hedge effectiveness is assessed on a quarterly basis (or upon a significant change in circumstances) on a forward-looking basis. Any ineffectiveness is recorded in profit or loss.

Hedge accounting is not discontinued on a voluntary basis as long as the risk management objective is still being pursued and other qualifying criteria are fulfilled. If the qualifying criteria for the application of hedge accounting are no longer met for the entire hedging instrument (or a part of it), the hedge relationship is discontinued prospectively, in which case the hedging instrument and the hedged item are then subsequently reported independently in accordance with the respective accounting policy.

The accounting treatment of qualifying hedge relationships is further described in note 6.

g) Goodwill and attorney-in-fact contracts (AIF)

Goodwill

Goodwill is recognized at the amount of the consideration transferred in a business combination in excess of the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized but tested for impairment annually, or more frequently if there are indications that the amount of goodwill is not recoverable. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs) based on the level at which management monitors operations and makes decisions related to the continuation or disposal of assets and operations. The Group has defined the CGUs according to regions, separating P&C, Life businesses and other (see note 26). The CGUs which carry the majority of goodwill and AIF contracts are presented in table 3.1. If goodwill has been allocated to a CGU and an operation within that unit is disposed of, the carrying amount of the operation includes attributable goodwill when determining the gain or loss on disposal.

AIF contracts

The AIF contracts reflect the ability of the Group to generate future revenues through Farmers Group, Inc. (FGI) based on the FGI's relationship with the Farmers Exchanges. In determining that these contracts have an indefinite useful life, the Group took into consideration the organizational structure of inter-insurance exchanges, under which subscribers exchange contracts with each other and appoint an attorney-in-fact to provide non-claims services, and the historical AIF relationship between FGI and the Farmers Exchanges. The value of the AIF contracts is tested for impairment annually, or more frequently if there are indications that the carrying amount of AIF contracts is not recoverable.

The services provided by FGI under such contracts are non-claims services including risk selection, preparation and mailing of policy documents and invoices, premium collection, management of the investment portfolios and certain other administrative functions. The multiple performance obligations covered by the consideration received are considered to be a series with the same pattern of transfer; therefore, the performance obligations are not separated. The fee income for the services provided includes Farmers management fees, membership fees and revenues for ancillary services. Farmers management fees are determined as a percentage of gross premiums earned by the Farmers Exchanges and recognized ratably over the period the services are provided. Membership fees are one-time fees charged at the time of the policy issuance that do not cover a distinct performance obligation. Such fees are recognized as revenue over the expected life of the customer relationship. The revenue for ancillary services includes remuneration for services provided that are not covered by Farmers management fees where FGI acts as a principal. Typically, these services are provided over time, so that the revenue is also recognized over time. The incremental costs incurred in connection with the customer setup activity are recognized as an asset and subsequently amortized using the same pattern as the related revenue. Please see notes 10 and 25 for further information.

Critical accounting estimates and judgments

For goodwill impairment testing, the Group estimates the recoverable amount based on the value-in-use of the CGU.

Value-in-use is determined using the present value of estimated future cash flows expected to be generated from the CGU. Cash flow projections are based on business plan projections, which are approved by management, typically covering a three-year period or, if appropriate and adequately justified, a longer period, which may be necessary to more accurately represent the nature of the cash flows used to test goodwill recoverability. Cash flows beyond this period are extrapolated using, among other inputs, estimated perpetual growth rates, which typically do not exceed the expected inflation of the geographical areas in which the cash flows supporting the goodwill are generated. If cash flows are generated in different geographical areas with different expected inflation rates, weighted averages are used. The discount rates applied reflect the respective risk-free interest rate adjusted for the relevant risk factors to the extent they have not already been considered in the underlying cash flows.

The discount rates used in the recoverable amount calculations for developed markets are based on the weighted average cost of capital (WACC). For the cost of capital, the Group considers government bond rates, which are further adjusted for market risk premium, appropriate beta and leverage ratio. In emerging markets, instead of government bond rates, the Group uses a U.S. dollar discount rate, taking into account inflation differential expectations and country risks. All input factors to the discount rates are based on observable market data.

Table 3.1 sets out for the major CGUs the applied discount rates and the perpetual nominal growth rates beyond the projection period that depend on expectations about country-specific growth rates and inflation as of the date of valuation, as well as the value of goodwill and AIF contracts as of December 31, 2024 and 2023:

Discount and perpetual growth rates for goodwill and AIF contracts for major CGUs

Table 3.1

	Business	in USD millions	Discount rates in % 2024	Discount rates in % 2023	Perpetual nominal growth rate in % 2024	Perpetual nominal growth rate in % 2023
Farmers	Farmers	3,914	10.4	9.7	2.1	2.1
North America	P&C	350	10.0	9.4	2.1	2.1
Europe, Middle East & Africa	P&C	454	9.4	9.4	2.0	2.0
Europe, Middle East & Africa	Life	204	8.6	8.4	1.7	1.6
Asia Pacific	P&C	1,131	9.7	9.2	2.3	2.2
Asia Pacific	Life	1,022	9.2	9.0	2.1	1.9
Latin America	P&C	309	22.6	29.3	4.1	11.3
Latin America	Life	61	18.8	21.1	3.4	6.2

The recoverable amount of goodwill remains contingent on future cash flows and other assumptions, particularly discount rates and the perpetual growth rate. If the estimated future cash flows and other assumptions deviate significantly from the Group's current outlook, there is a risk that the goodwill is impaired.

Quantitative sensitivity tests have been performed for all CGUs by applying a reasonably possible change to each of the key assumptions to capture potential future variations in market conditions: a decrease in cash flows of up to 20 percent, an increase in the discount rate of 2.0 percentage points and a decrease in the perpetual growth rate of 2.0 percentage points. Under each individual scenario, reasonably possible changes in key assumptions did not impair goodwill and AIF contracts.

h) Other intangible assets

Other intangible assets typically have finite lives and are carried at cost, less accumulated amortization and impairments. Such assets are generally amortized using the straight-line method over their useful lives and reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Distribution agreements

Distribution agreements may have useful lives extending up to 30 years, estimated based on the period of time over which they are expected to provide economic benefits, but for no longer than the contractual term, after taking into account all economic and legal factors such as stability of the industry, competitive position and the period of control over the assets.

Qualitative analyses have been performed on distribution agreements, typically comprising an analysis of the current financial performance and any change in the conditions in the agreement and environment that would indicate an impairment.

Software

Costs associated with research and maintenance of internally developed software are expensed as incurred. Costs incurred during the development phase are capitalized. Software under development is tested for impairment annually.

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into use.

The useful lives of software licenses and capitalized internal software development costs generally range from three to five years. In limited circumstances, capitalized software development costs may be amortized over a period of up to 10 years, taking into account the effects of obsolescence, technology, competition and other economic and legal factors. Changes in the expected useful life are recognized prospectively as changes in accounting estimates.

i) Employee benefits

Share-based compensation and cash incentive plans

The Group operates long-term incentive plans that are accounted for as equity-settled share-based compensation plans. The fair value of these incentive plans is determined at the grant date, taking into consideration non-vesting and market conditions, and is recognized as an expense in profit or loss over the vesting period, with a corresponding increase recorded in additional paid-in capital. Under the Group's long-term incentive plan (LTIP), the market condition is the position of the Group's relative 'Total Shareholder Return' (TSR) measured against an international peer group of insurance companies.

Subsequently, the Group may revise its estimates of the number of shares that are expected to be issued based on the expected fulfillment of the service and non-market conditions. Under the Group's LTIP, the non-market conditions, such as the average business operating profit after tax attributable to return on common shareholders' equity ('Core ROE', formerly 'BOPAT ROE'), and the cumulative net cash remittances, as well as an operational CO2e emissions reduction target, are aligned with the Group's financial and non-financial targets. The impact of the revision, if any, is recognized in profit or loss with a corresponding adjustment to additional paid-in capital. However, no subsequent adjustment is made after the vesting date.

Please see note 20 for further information regarding share-based compensation and cash incentive plans.

Post-employment benefits

The Group operates various post-employment benefit plans for its employees worldwide, which include defined benefit and defined contribution pension plans, and other post-employment benefits, such as medical care and life insurance.

Contributions to defined contribution plans are recorded as an expense in the period in which the economic benefit from the employees' service was received.

Defined benefit plan obligations and current service costs are determined by qualified actuaries using the projected unit credit method. The net defined benefit liability represents the present value of defined benefit obligation at the end of the reporting period less the fair value of plan assets with changes from remeasurements recorded in OCI. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the recognition of the resulting net asset is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan (asset ceiling).

The Group's expense related to these plans is accrued over the employees' service periods based on the actuarially determined cost for the period. Net interest is determined by applying the discount rate to the net defined benefit liability or asset. Actuarial gains and losses and the effect of the asset ceiling are recognized in full in OCI in the period in which they occur. Past service costs, which result from plan amendments and curtailments, are recognized in profit or loss on the earlier of when the plan amendment or curtailment occurs (which is the date from which the plan change is irrevocable) and the date on which a constructive obligation arises. Settlement gains or losses are recognized in profit or loss when the settlement occurs.

Other post-employment benefits

Other post-employment benefits, such as medical care and life insurance, are also provided for certain employees and are primarily funded internally. Similar to defined benefit plans, the cost of such benefits is accrued over the service period of the employees based on the actuarially determined cost for the period.

Critical accounting estimates and judgments

In assessing the Group's liability for defined benefit plans and other post-employment plans, critical judgments include estimates of mortality rates, rates of employment turnover, disability, early retirement, discount rates, future salary and pension increases, and increases in long-term healthcare costs. Discount rates for significant plans are based on a yield curve approach. The Group sets the discount rate by creating a hypothetical portfolio of high-quality corporate bonds for which the timing and amount of cash flows approximate the estimated pay-outs of the defined benefit plan. These assumptions may differ from actual results due to changing economic conditions, higher or lower withdrawal rates, or longer or shorter life spans of participants. These differences may result in variability of pension income or expense recorded in future years. Please see note 19 for further information on employee benefits.

j) Leases

The Group is typically acting as a lessee in property, car or equipment leases. Furthermore, the Group is acting as a lessor in leases of investment property.

When acting as a lessee, the Group recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date when the leased asset is available for use by the Group. The lease liability is measured at the present value of the lease payments due over the lease term, discounted using the Group's incremental borrowing rate. Any options to extend or terminate a lease that the Group is reasonably certain to exercise are included in the lease term. The right-of-use asset is initially recognized at an amount equal to the lease liability adjusted for lease prepayments made or lease incentives received, initial direct costs and any estimated costs to dismantle or restore the leased asset.

The right-of-use asset is depreciated over the shorter of the leased asset's useful life or the lease term on a straight-line basis. The right-of-use asset is included in property and equipment and disclosed separately in note 12. The carrying amount of the lease liability is increased to reflect the unwinding of the discount so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period and is reduced by the lease payments made during the period. Lease payments include fixed payments and variable payments that depend on a non-leveraged index or a rate. Lease liabilities are included within other liabilities.

The Group records short-term leases and leases of low-value assets as an expense on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include hardware and smaller office equipment. The lease expense is included in other expenses.

When acting as a lessor of investment property in an operating lease, the Group follows the accounting policy in paragraph e).

k) Current and deferred taxes

Current income taxes payables (receivables) are measured at the amount expected to be paid (recovered) in accordance with the rules established by the taxation authorities, using the tax rates and tax laws that are enacted or substantively enacted as of the reporting date.

Deferred tax assets are recognized if sufficient future taxable income, including income from the reversal of existing taxable temporary differences and available tax planning strategies, is available for realization. The utilization of deferred tax assets arising from temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases depends on the generation of sufficient taxable profits in the period in which the underlying asset or liability is recovered or settled. If applicable tax law acknowledges different types of expenses to be tax deductible, deferred tax assets are only recognized if they give rise to deductions against the same type of taxable income. The utilization of deferred tax assets arising from unused tax losses or tax credits depends on the generation of sufficient taxable profits before the unused tax losses or tax credits expire.

Deferred tax liabilities are recognized for all taxable temporary differences unless they arise:

- From the initial recognition of goodwill; or
- An asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; or
- Are associated with investments in subsidiaries, branches, associates and interest in joint ventures if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Critical accounting estimates and judgments

As of each balance sheet date, management evaluates the recoverability of deferred tax assets and, if it is considered probable that all or a portion of the deferred tax asset will not be utilized, then a valuation allowance is recognized. Please see note 16 for further information on deferred taxes.

4. Acquisitions and divestments

Transactions in 2024

Acquisitions

AIG Travel

On December 2, 2024, the Group completed the acquisition of AIG's global personal travel insurance and assistance business (AIG Travel) for a cash consideration of USD 617 million, plus a contingent consideration with a fair value of USD 93 million as of the acquisition date. The AIG Travel business will be combined with the Group's existing travel insurance provider Cover-More Group and operate within the expanded corporate brand Zurich Cover-More. The acquisition includes access to the AIG Travel customers and distribution partners globally.

The assets and liabilities acquired mainly consist of goodwill and intangible assets with a preliminary value of USD 520 million and USD 142 million, respectively. The net assets acquired less the fair value of the contingent consideration are currently included within Receivables and other assets.

Kotak Mahindra General Insurance Company Limited

On November 2, 2023, the Group entered into a strategic alliance with Kotak Mahindra Bank Limited to acquire a majority stake in Kotak Mahindra General Insurance Company Limited. On June 18, 2024, after obtaining all the necessary approvals, the Group completed the acquisition of a 70 percent stake in Kotak Mahindra General Insurance Company Limited (subsequently renamed Zurich General Kotak Insurance Company (India) Limited) for a consideration of approximately USD 657 million, through a combination of capital injections and share purchases.

Table 4.1 shows the opening balance sheet as of the acquisition date, representing the fair value of tangible and intangible assets.

Kotak Mahindra General Insurance Company Limited balance sheet as of the acquisition date[1]

Table 4.1

in USD millions, as of June 18, 2024	Total
Group investments	283
Reinsurance contract assets	28
Receivables and other assets	13
Deferred tax assets	12
Goodwill[2]	383
Intangible assets	173
Assets acquired	**893**
Liabilities for insurance contracts	231
Other liabilities	13
Deferred tax liabilities	52
Liabilities acquired	**295**
Net assets acquired including non-controlling interests	598
Non-controlling interest	(117)
Capital injection	176
Net assets acquired	657
Cash consideration	**657**

1 Note the presentation of certain acquired assets and liabilities has been amended to align with Group accounting policies.
2 Adjustments in the purchase price allocation subsequent to acquisition resulted in a reduction of goodwill of CHF 8 million, driven by additional deferred taxes and changes in the valuation of insurance liabilities.

Divestments

Held for sale

As of December 31, 2024, the total assets and liabilities classified as held for sale were USD 1.2 billion and USD 1.2 billion, respectively, as per transactions below.

Spain medical malpractice portfolio

On December 9, 2021, Zurich Insurance plc (now known as Zurich Insurance Europe AG) entered into an agreement to reinsure its legacy medical malpractice portfolio in Spain to RiverStone Insurance UK Limited ('Spain Medical Malpractice portfolio') and to transfer the Spain Medical Malpractice portfolio policies to RiverStone Insurance Ireland DAC. The transaction is subject to regulatory approval and is expected to be completed in 2025. As of December 31, 2024, assets and liabilities classified as held for sale were USD 59 million and USD 66 million, respectively.

UK Employers' liability portfolio

On December 14, 2018, Zurich Insurance plc (now known as Zurich Insurance Europe AG) entered into an agreement with Catalina Holdings (Bermuda) Ltd and certain of its subsidiaries to transfer a portfolio of pre-2007 United Kingdom legacy employers' liability policies to Catalina Worthing Insurance Limited ('UK Employers' Liability portfolio'), subject to regulatory and court approvals. With effect from January 1, 2023, the UK Employers' Liability portfolio was transferred to Zurich Insurance Company Ltd, UK Branch, under a Part VII transfer together with the rights and obligations of Zurich Insurance plc under the agreement. The transfer to Catalina Worthing Insurance Limited is expected to be completed in 2026. As of December 31, 2024, assets and liabilities classified as held for sale were USD 1.1 billion and USD 1.1 billion, respectively.

Divested

Zurich Chile Seguros de Vida S.A. annuity book

On May 8, 2023, Inversiones Suizo-Chilena S.A. entered into an agreement to sell the annuity book of Zurich Chile Seguros de Vida S.A. to Ohio National Seguros de Vida S.A., a Chilean life insurance company and indirect subsidiary of Constellation Insurance, Inc. On December 2, 2024, the Group completed the sale of USD 2.5 billion in reserves with a pre-tax gain of USD 84 million recognized in profit or loss.

Other

Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft life book

On June 24, 2022, Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft agreed to sell its legacy traditional life insurance back book in Germany to Viridium Holding AG (Viridium), a leading specialist in the management of life insurance portfolios (run-off) in Germany. In preparation for the transfer, the portfolio was spun off in 2023 to Zurich Life Legacy Versicherung AG (Deutschland). In January 2024, the Group was informed that Viridium Group will not complete the purchase of Zurich Life Legacy Versicherung AG (Deutschland) in Germany as planned. The transaction would have included the transfer of approximately USD 20 billion of insurance contract liabilities and related investments, mainly related to annuity and endowment products underwritten more than five years ago, so that the respective assets and liabilities were classified as held for sale as of December 31, 2023. As of December 31, 2024, the criteria for held for sale were no longer met; therefore, assets and liabilities previously held for sale were reclassified to the individual balance sheet line items.

Transactions in 2023

Acquisitions

Agency brokerage network acquisition

On December 28, 2023, Farmers Group, Inc., a wholly owned subsidiary of the Group, acquired three brokerage entities (Kraft Lake Insurance Agency Inc., Western Star Insurance Services, Inc. and Farmers General Insurance Agency, Inc.) from the Farmers Exchanges, along with the flood servicing business of the Farmers Exchanges, for USD 760 million. The acquisition included access to the distribution networks of the Farmers Exchanges via an agency access agreement as well as the rights to renewal commissions on existing business.

Table 4.2 shows the opening balance sheet line items as of the acquisition date, representing the fair value of tangible and intangible assets.

Agency brokerage network balance sheet as of the acquisition date

Table 4.2

in USD millions, as of December 28, 2023	Total
Cash and cash equivalents	26
Receivables and other assets[1]	159
Deferred tax assets	8
Goodwill	26
Other intangible assets	560
Assets acquired	**780**
Other liabilities	20
Liabilities acquired	**20**
Net assets acquired	760
Cash consideration	**760**

1 Includes an asset for contingent consideration with a fair value of USD 149 million.

5. Group investments

Group investments are those for which the Group bears part or all of the investment risk. They include investments related to insurance and investment contracts other than unit-linked insurance and investment contracts where the investment risk is borne by the holders of such contracts. Net investment result on Group investments includes returns on investment-related cash, which is included in cash and cash equivalents in the audited consolidated balance sheets.

Net investment result on Group investments

Table 5.1

in USD millions, for the years ended December 31	Net investment income		Net capital gains/(losses)				Net investment result	
			Change of ECL allowance		Other net capital gains/(losses)			
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Investment-related cash	49	41	–	–	–	–	49	41
Equity securities at fair value through profit or loss	414	389	–	–	1,485	1,004	1,899	1,393
Debt securities:								
Fair value through profit or loss[1]	328	347	–	–	(62)	299	266	647
Fair value through comprehensive income	4,098	3,785	(3)	(31)	(378)	(1,202)	3,717	2,552
Amortized cost	173	182	(2)	(1)	–	(68)	172	114
Total debt securities	4,599	4,314	(5)	(32)	(440)	(970)	4,155	3,312
Investment property[2]	471	497	–	–	69	(674)	540	(177)
Mortgage loans at amortized cost	92	100	(2)	–	(1)	(2)	90	98
Other financial assets at amortized cost	280	250	–	(5)	61	(93)	341	151
Investments in associates and joint ventures	(3)	2	–	–	–	(10)	(3)	(9)
Derivative financial instruments	9	–	–	–	68	186	77	186
Investment result on Group investments, gross	5,911	5,593	(6)	(38)	1,242	(559)	7,148	4,996
Investment expenses on Group investments	(181)	(211)	–	–	–	–	(181)	(211)
Foreign currency gains/(losses)	–	–	–	–	(153)	(99)	(153)	(99)
Investment result on Group investments, net	**5,730**	**5,382**	**(6)**	**(38)**	**1,090**	**(658)**	**6,814**	**4,687**

1 Net capital gains/(losses) related to debt securities designated at fair value through profit and loss amounted to USD (55) million and USD 103 million for the years ended December 31, 2024 and 2023, respectively.
2 Rental operating expenses for investment property amounted to USD (150) million and USD (143) million for the years ended December 31, 2024 and 2023, respectively.

Details of Group investments by classification category

Table 5.2

as of December 31	2024		2023	
	USD millions	**% of total**	USD millions	% of total
Equity securities at fair value through profit or loss	14,182	9.3	13,217	9.4
Debt securities:				
Fair value through profit or loss[1]	8,146	5.3	8,390	6.0
Fair value through comprehensive income	105,878	69.4	92,965	65.9
Amortized cost	4,392	2.9	4,568	3.2
Total debt securities	118,415	77.6	105,924	75.1
Investment property	11,734	7.7	13,684	9.7
Mortgage loans at amortized cost	4,047	2.7	4,324	3.1
Other financial assets at amortized cost	4,039	2.6	3,682	2.6
Investments in associates and joint ventures	146	0.1	135	0.1
Total Group investments	**152,562**	**100.0**	**140,966**	**100.0**

1 Includes debt securities designated at fair value through profit and loss of USD 3.8 billion and USD 3.9 billion as of December 31, 2024 and 2023, respectively.

Investments with a carrying value of USD 5.3 billion and USD 5.5 billion were held to meet local regulatory requirements as of December 31, 2024 and 2023, respectively.

Debt securities maturity analysis

Table 5.3

in USD millions, as of December 31	Fair value through profit or loss		Fair value through OCI		Amortized cost		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Bonds and corporate securities:								
< 1 year	395	340	9,700	9,438	415	121	10,510	9,899
1 to 5 years	1,362	1,462	34,577	32,605	1,579	1,795	37,518	35,863
5 to 10 years	1,665	1,709	23,271	19,636	1,109	1,180	26,045	22,525
> 10 years	3,208	3,300	29,075	21,228	1,289	1,472	33,572	26,000
Subtotal	6,631	6,811	96,623	82,908	4,392	4,568	107,646	94,287
Mortgage and asset-backed securities:								
< 1 year	4	1	19	9	–	–	24	10
1 to 5 years	216	225	813	1,087	–	–	1,028	1,312
5 to 10 years	161	183	1,848	2,672	–	–	2,009	2,855
> 10 years	1,134	1,171	6,575	6,289	–	–	7,708	7,459
Subtotal	1,515	1,579	9,255	10,057	–	–	10,770	11,636
Total	**8,146**	**8,390**	**105,878**	**92,965**	**4,392**	**4,568**	**118,415**	**105,924**

The analysis in table 5.3 is provided by contractual maturity. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

Investment property

Table 5.4

in USD millions	Total	
	2024	2023
Carrying value as of January 1	13,684	14,798
Additions and capital improvements	280	187
Acquisitions/(divestments)	–	(360)
Disposals	(1,019)	(832)
Market value revaluation[1]	(131)	(874)
Transfer from/(to) assets held for own use	–	–
Transfer (to) assets held for sale	(320)	–
Foreign currency translation effects[2]	(759)	764
As of December 31	**11,734**	**13,684**

1 In 2023, decrease was mainly driven by revaluation impacts on real estate in Germany and United States. The fair value decrease is driven by the commercial real estate market.
2 In 2024, the decrease was mainly driven by foreign exchange-related impacts on real estate in Germany and Switzerland as the U.S. dollar strengthened against the Euro and Swiss franc. In 2023, the increase was mainly driven by foreign exchange-related impacts on real estate in Germany and Switzerland as the U.S. dollar weakened against the Euro and Swiss franc.

Investment property consists of investments in commercial, residential and mixed-use properties primarily located in Germany, U.S. and Switzerland.

Net changes on financial assets and (re-)insurance contracts included in other comprehensive income[1]

Table 5.5

in USD millions, as of December 31	Total	
	2024	2023
Debt securities:		
Fair value through comprehensive income	(4,531)	(4,373)
ECL allowance on fair value through comprehensive income	83	81
Total debt securities	(4,448)	(4,292)
Other[2]	(4)	(16)
Total net unrealized gains/(losses) on financial assets	(4,452)	(4,307)
Less other amounts recognized in other comprehensive income attributable to:		
Net change in discount rate for (re-)insurance contracts	4,372	4,291
Net change in fair value of underlying items through OCI	1,158	1,053
Total	**1,078**	**1,037**

1 Changes in financial assets and (re-)insurance contracts included in other comprehensive income are presented net of tax and non-controlling interests.
2 Net unrealized gains/(losses) on financial assets include net losses recorded in the cash flow hedge reserve of USD (4) million and USD (21) million as of December 31, 2024 and 2023, respectively.

Repurchase agreements and reverse repurchase agreements

Table 5.6

in USD millions, as of December 31	Total	
	2024	2023
Repurchase agreements		
Securities sold under repurchase agreements[1]	1,129	802
Obligations to repurchase securities	1,123	796
Reverse repurchase agreements		
Securities purchased under reverse repurchase agreements[2]	2,663	1,729
Receivables under reverse repurchase agreements	2,662	1,716

1 Non-cash collateral pledged on repurchase agreements amounted to USD 1.1 billion and USD 802 million as of December 31, 2024 and 2023, respectively. The Group's counterparties had the right to sell or repledge, in the absence of default, assets pledged as collateral with a fair value of USD 32 million and USD 0 million as of December 31, 2024 and 2023. The majority of these assets were debt securities.
2 Non-cash collateral held on reverse repurchase agreements amounted to USD 2.7 billion and USD 1.7 billion as of December 31, 2024 and 2023, respectively. The Group had the right to sell or repledge, in the absence of default by its counterparties, securities received as collateral with a fair value of USD 146 million and USD 147 million as of December 31, 2024 and 2023, respectively.

Under the terms of securities lending or repurchase agreements, the Group retains substantially all the risks and rewards of ownership of the transferred securities, and also retains contractual rights to the cash flows from these securities. These securities are therefore not derecognized from the Group's balance sheet. Cash received as collateral is recorded as an asset, and a corresponding liability is established. Interest expense is charged to profit or loss using the effective interest rate method over the life of the agreement. Securities lending was nil in 2024 and 2023.

Under a reverse repurchase agreement, the securities received are not recognized on the balance sheet, as long as the risk and rewards of ownership have not been transferred to the Group. The cash delivered by the Group is derecognized and a corresponding receivable is recorded within receivables and other assets. Interest income is recognized in profit or loss using the effective interest rate method over the life of the agreement.

6. Group derivative financial instruments and hedge accounting

The Group uses derivative financial instruments mainly for economic hedging purposes to mitigate risks. Such risks result from changes in interest rates, equity prices and exchange rates. Derivative financial instruments with a positive fair value are reported in receivables and other assets (please see note 14) and those with a negative fair value are reported in other liabilities (please see note 15).

Table 6.1 shows the fair value and notional amounts for all group derivatives as of December 31, 2024 and 2023, separated by risks. While these notional amounts express the extent of the Group's involvement in derivative transactions, they do not, however, represent the amounts at risk.

Table 6.1

Maturity analysis of notional amounts and fair values of Group derivative financial instruments

in USD millions, as of December 31	2024						2023		
	Maturity by notional amount								
	< 1 year	1 to 5 years	> 5 years	Notional amounts	Positive fair values	Negative fair values	Notional amounts	Positive fair values	Negative fair values
Interest rate contracts[1]	2,851	5,056	2,317	10,225	553	(643)	13,402	540	(756)
Equity contracts	1,410	317	772	2,499	68	(8)	2,185	55	(21)
Foreign exchange contracts	18,972	480	213	19,665	264	(190)	21,239	352	(475)
Total Group derivative financial instruments	**23,233**	**5,854**	**3,302**	**32,389**	**885**	**(840)**	**36,825**	**947**	**(1,252)**
Thereof exchange-traded[2]	165	–	–	165	3	(1)	265	1	(9)
Thereof OTC (over the counter)	23,068	5,854	3,302	32,224	882	(839)	36,561	945	(1,243)

1 Include USD 1.8 billion and USD 1.7 billion notional related to derivatives which are centrally cleared as of December 31, 2024 and 2023, respectively. Please note that derivatives centrally cleared that are not designated under a qualifying hedge accounting relationship are presented net of corresponding variation margin payments under 'Amounts due from investment brokers' (see note 14) and 'Amounts due to investment brokers' (see note 15) as of December 31, 2024 and 2023, respectively.
2 Please note prior year figures for Nominal Amounts and related Negative fair values have been updated.

Interest rate contracts

Interest rate contracts are used to hedge risks from changes in interest rates and to manage asset-liability mismatches. Whenever possible, the Group enters into exchange-traded and centrally cleared contracts, which are standardized and regulated. Furthermore, because of the structure of the exchanges and central clearing houses, exchange-traded and centrally cleared contracts do not carry material counterparty risk. Over-the-counter (OTC) contracts are otherwise entered into and consist of forward contracts, swaps and swaptions.

Equity contracts

Equity contracts are entered into, either on a portfolio or on a macro level, to protect the fair value of equity investments against a decline in equity market prices or to manage the risk return profile of equity exposures. Short positions are always covered and sometimes used to mitigate hedging costs.

Foreign exchange contracts

Swaps and forward contracts are used to hedge the Group's foreign currency exposures and to manage balance sheet mismatches.

Credit contracts

The Group may from time to time enter into credit contracts. Credit contracts are credit default swaps entered into, either on a portfolio or on a macro level, to limit market risks arising from the investment portfolios against a change in credit spreads or to manage the risk return profile of the credit exposures. As of December 31, 2024, the Group does not hold credit default swaps.

Derivative financial instruments applying hedge accounting

Under certain conditions, derivative financial instruments meet the requirements of an effective hedge for accounting purposes. Where this is the case, hedge accounting may be applied. Financial information for these instruments is set out in table 6.2.

Table 6.2

Notional and fair values of Group hedge accounting derivative financial instruments

in USD millions, as of December 31	2024			2023		
	Notional principal amounts	**Positive fair values**	**Negative fair values**	Notional principal amounts	Positive fair values	Negative fair values
Fair value hedge:						
Interest rate contracts[1]	415	12	(11)	1,526	17	(18)
Total fair value hedges	**415**	**12**	**(11)**	**1,526**	**17**	**(18)**
Cash flow hedge:						
Interest rate contracts	13	5	(5)	13	6	(5)
Foreign currency contracts	371	28	(64)	857	24	(77)
Total cash flow hedges	**384**	**33**	**(68)**	**870**	**30**	**(82)**
Net investment hedge:						
Foreign currency contracts	1,891	–	(23)	1,814	61	–
Total net investment hedges	**1,891**	**–**	**(23)**	**1,814**	**61**	**–**

1 Fair value hedge include USD 415 million and USD 763 million of notional related to derivatives which are centrally cleared as of December 31, 2024 and 2023, respectively.

Fair value hedges

The Group enters into fair value hedge relationships consisting of interest rate swaps to protect the Group from interest rate exposure arising from certain debt securities.

Changes in the fair value of the derivative financial instruments designated as fair value hedges and changes in the fair value of the hedged item in relation to the risk being hedged are both recognized in income. The critical terms of the designated derivatives closely match the terms of the hedge items, so that the hedges are highly effective.

Table 6.3 sets out gains and losses arising from fair value hedges:

Table 6.3

Gains/(losses) arising from fair value hedges

in USD millions, for the years ended December 31	**2024**	2023
Gains/(losses)		
on hedging instruments[1]	2	(31)
on hedged items attributable to the hedged risk	(2)	31

1 Excluding current interest income, which is recognized as an offset on the same line as the interest expense of the hedged debt securities.

Cash flow hedges

The Group uses interest rate swaps and cross-currency swaps for cash flow hedging to protect against the exposure to variability of cash flows attributable to interest rate and currency risk arising predominantly from debt securities. The hedging instrument is measured at fair value, with the effective portion of changes in its fair value recognized in OCI. The effective portion is reclassified to profit or loss in the same period or periods in which the hedged cash flows affect profit or loss.

The net change of losses deferred in OCI on derivative financial instruments designated as cash flow hedges was USD (5) million and USD (5) million before tax for the years ended December 31, 2024, and 2023, respectively.

The Group recognized hedging gains/(losses) for interest rate risk of USD (12) million and USD 1 million in the consolidated income statements within net investment income on Group investments for the years ended December 31, 2024, and 2023, respectively. The Group also recognized net hedging gains/(losses) for currency risk of USD (1) million and USD 12 million within other net capital gains/(losses) on Group investments for the years ended December 31, 2024, and 2023, respectively, as an offset to the foreign currency revaluation on the underlying hedged items.

Ineffectiveness of cash flow hedges of USD 0.4 million and USD 0 million was recognized in net capital gains/(losses) for the years ended December 31, 2024 and 2023, respectively.

Net investment hedges

The Group applies net investment hedge accounting to protect against the effects of changes in exchange rates in its net investments in foreign operations.

The Group has designated certain foreign exchange forwards and swaps and debt issuances as hedging instruments in net investment hedges.

Measurement of hedge effectiveness is based on changes in spot foreign exchange rates. Gains and losses on the designated hedging derivative and non-derivative financial instruments related to the effective portion of the hedge are recognized in OCI as cumulative foreign currency translation together with the translation gains and losses on the hedged net investment. The accumulated gains and losses in OCI are reclassified to income on disposal or partial disposal of the foreign operation.

The Group has designated certain debt issuances as hedging instruments on a non-derivative net investment hedge relationship. The notional amount of these financial instruments was USD 10 billion and USD 10 billion for the years ended December 31, 2024 and 2023, respectively. Information on debt issuances designated as hedging instruments in a net investment hedge relationship is set out in note 17.

The net change of gains/(losses) deferred in OCI related to net investment hedges were USD (567) million and USD 915 million before tax for the years ended December 31, 2024 and 2023, respectively.

Ineffectiveness of net investment hedges of USD 1 million and USD 0 million was recognized in foreign currency translation within other net capital gains/(losses) on Group investments for the years ended December 31, 2024 and 2023, respectively.

Offsetting of derivative financial assets and liabilities

Table 6.4 shows the net asset and liability position of Group derivative financial instruments subject to enforceable master netting arrangements and collateral agreements. Master netting arrangements are used by the Group to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations. These arrangements commonly create a right of offset that becomes enforceable and affects the realization or settlement of individual financial assets and financial liabilities only following a specified event of default or other circumstances which would not be expected to arise in the normal course of business.

Group derivative financial instruments subject to enforceable master netting arrangements and collateral agreements

Table 6.4

in USD millions, as of December 31	Derivative assets		Derivative liabilities	
	2024	2023	**2024**	2023
Netting recognized on the balance sheet				
Gross amounts of financial assets and liabilities[1]	885	949	(870)	(1,257)
Cash collateral (received)/pledged that are set off[2]	–	–	29	3
Net amount recognized as presented in the balance sheet	**885**	**949**	**(841)**	**(1,254)**
Netting potential not recognized on the balance sheet[3]				
Related amounts not offset	(132)	(151)	105	164
Cash collateral (received)/pledged[2]	(751)	(729)	236	496
Non-cash collateral (received)/pledged	(3)	(2)	499	543
Net amount[4]	**–**	**67**	**–**	**(51)**

1 Includes USD 1.2 million and USD 3.4 million of derivative assets and USD 29.7 million and USD 4.7 million of derivative liabilities centrally cleared before netting against variation margin as of December 31, 2024 and 2023, respectively.
2 Includes USD 29.3 million and USD 2.9 million of cash collateral for derivative liabilities centrally cleared through central counterparty (CCP) as of December 31, 2024 and 2023, respectively. There was no cash collateral for derivative assets centrally cleared in 2024 and 2023.
3 For the purpose of this disclosure, the amounts of financial instruments and cash and non-cash collateral are limited to the net amount of financial assets presented on the balance sheet; i.e., any over-collateralization is not reflected.
4 Includes USD 0.8 million and USD 1.6 million of total potential exposure to centrally cleared derivatives as of December 31, 2024 and 2023, respectively.

7. Insurance and reinsurance contracts

Insurance and reinsurance contracts presented within this note include (re-)insurance contracts issued, including investment contracts with discretionary participation features and reinsurance contracts held.

Portfolios of (re-)insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Portfolios of (re-)insurance contracts issued are presented within insurance contract liabilities, unless such portfolios are in a net asset position, in which case they are reclassified and presented as insurance contract assets. Similarly, portfolios of reinsurance contracts held are presented within reinsurance contract assets, unless such portfolios are in a net liability position, in which case they are reclassified and presented as reinsurance contract liabilities.

Unless specifically indicated, the disclosures within this note exclude the impacts of hyperinflation and are presented separately for groups of (re-)insurance contracts issued and reinsurance contracts held depending on the measurement model (please see note 3 for further details):

- Simplified or premium allocation approach (PAA) – for short-term (re-)insurance contracts issued and reinsurance contracts held that are eligible for PAA;
- General model (BBA) – for non-participating and indirect participating (re-)insurance contracts issued and reinsurance contracts held; and
- Variable fee approach (VFA) – for direct participating insurance contracts issued.

A summary of key financial figures for (re-)insurance contracts issued and reinsurance contracts held are shown in table 7.1a by asset and liability positions and by measurement model applied:

Table 7.1a

Overview of insurance contracts issued and reinsurance contracts held

in USD millions, as of December 31	2024				2023			
	Measured under PAA	**Measured under BBA**	**Measured under VFA**	**Total**	Measured under PAA	Measured under BBA	Measured under VFA	Total
Insurance contract assets	–	(759)	(10)	(768)	–	(571)	(9)	(580)
Insurance contract liabilities	65,850	26,410	138,220	230,479	65,694	27,672	123,596	216,962
Insurance contract (assets)/liabilities	**65,850**	**25,651**	**138,210**	**229,711**	**65,694**	**27,101**	**123,587**	**216,381**
Reinsurance contract assets	(13,798)	(7,652)	–	(21,450)	(13,903)	(8,039)	–	(21,942)
Reinsurance contract liabilities	–	437	–	437	–	504	–	504
Reinsurance contract (assets)/liabilities	**(13,798)**	**(7,215)**	**–**	**(21,013)**	**(13,903)**	**(7,535)**	**–**	**(21,438)**

For (re-)insurance contracts accounted for under PAA, the increase of USD 262 million for the year ended December 31, 2024 is driven primarily by an increase in the LIC of USD 767 million due to growth in business and reduction in the discount impact, partially offset by net favorable reserve development emerged from reserves established in prior years amounting to USD 541 million, mainly related to the release of risk adjustment and underlying favorable run-off. The increase in the LIC is offset by the decrease in the LRC of USD 576 million due to a higher earning of the premium and currency movements.

For insurance contracts accounted for under BBA, the decrease of USD 1.5 billion for the year ended December 31, 2024 is driven primarily by the USD 1.2 billion released to the insurance service result for services provided during the period and USD 1.3 billion decrease due to FX movements partially offset by the USD 659 million increase from net cash inflows.

For insurance contracts accounted for under VFA, the increase of USD 14.6 billion for the year ended December 31, 2024 was mainly due to the reversal of the amounts previously held for sale regarding the legacy traditional life insurance book of Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft (see note 4) as well as the positive performance of underlying assets, partially offset by the decrease due to FX movements.

For reinsurance contracts accounted for under BBA, the decrease of USD 319 million for the year ended December 31, 2024 was primarily driven by the USD 324 million released to the reinsurance service result for services received during the period and USD 177 million decrease due to FX movements partially offset by the USD 232 million increase from finance expenses and USD 36 million of net cash outflows.

Overview of CSM

Table 7.1b

in USD millions, as of December 31	2024			2023		
	Measured under BBA	**Measured under VFA**	**Total**	Measured under BBA	Measured under VFA	Total
CSM included in insurance contract assets	1,022	24	1,046	590	39	629
CSM included in insurance contract liabilities	6,117	9,738	15,855	6,825	9,283	16,108
CSM included in insurance contract (assets)/liabilities	**7,138**	**9,762**	**16,901**	**7,415**	**9,322**	**16,737**
CSM included in reinsurance contract assets	(2,646)	–	(2,646)	(2,802)	–	(2,802)
CSM included in reinsurance contract liabilities	(1,201)	–	(1,201)	(1,428)	–	(1,428)
CSM included in reinsurance contract (assets)/liabilities	**(3,848)**	**–**	**(3,848)**	**(4,230)**	**–**	**(4,230)**

Table 7.2a

Reconciliation of insurance contracts issued, measured under PAA – current period

in USD millions	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities, as of January 1, 2024	9,595	259	55,176	1,310	(645)	65,694
Insurance contract assets, as of January 1, 2024	–	–	–	–	–	–
Net insurance contracts as of January 1, 2024	9,595	259	55,176	1,310	(645)	65,694
Insurance revenue	(49,128)	–	–	–	–	(49,128)
Insurance service expenses						
Incurred claims and other incurred insurance service expenses	–	–	35,487	443	–	35,929
Amortization of insurance acquisition cash flows	7,481	–	–	–	–	7,481
Changes that relate to past service	–	–	(532)	(427)	–	(959)
Losses and reversal of losses on onerous contracts	–	25	–	–	–	25
Impairment and reversal of impairment of assets for insurance acquisition cash flows	–	–	–	–	5	5
Insurance service expenses	7,481	25	34,954	16	5	42,481
Total gross insurance service result	(41,647)	25	34,954	16	5	(6,647)
Cash in/(out)flows in the period						
Premiums received	50,057	–	–	–	–	50,057
Insurance acquisition cash flows	(7,794)	–	–	–	(321)	(8,115)
Claims and other insurance service expenses paid, including investment components	–	–	(35,228)	–	–	(35,228)
Net cash inflows/(outflows)	42,263	–	(35,228)	–	(321)	6,714
Allocation from assets for insurance acquisition cash flows to insurance contracts	(314)	–	–	–	314	–
Investment components	(385)	–	385	–	–	–
Insurance finance (income)/expense recognized in P&L	129	–	1,506	36	–	1,671
Insurance finance (income)/expense recognized in OCI	–	–	157	5	–	162
Acquisitions/(divestments) and transfers[1]	126	7	205	2	(1)	340
Foreign currency translation effects	(430)	(15)	(1,723)	(41)	75	(2,134)
Other changes[2]	(43)	–	89	4	1	51
Total changes not related to provision of insurance service	(916)	(7)	618	6	389	90
Insurance contract liabilities, as of December 31, 2024	9,294	276	55,520	1,332	(572)	65,850
Insurance contract assets, as of December 31, 2024	–	–	–	–	–	–
Net insurance contracts as of December 31, 2024	**9,294**	**276**	**55,520**	**1,332**	**(572)**	**65,850**

1 In 2024, the increase relates to the acquisition of Kotak Mahindra General Insurance Company Limited (see note 4).
2 Other changes are mainly driven by short-term life portfolio reclassification from BBA to PAA measurement model as well as hyperinflation adjustments.

Table 7.2b

Reconciliation of insurance contracts issued, measured under PAA – prior period

in USD millions	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities, as of January 1, 2023	8,658	334	51,890	1,453	(542)	61,793
Insurance contract assets, as of January 1, 2023	–	–	–	–	–	–
Net insurance contracts as of January 1, 2023	8,658	334	51,890	1,453	(542)	61,793
Insurance revenue	(45,950)	–	–	–	–	(45,950)
Insurance service expenses						
Incurred claims and other incurred insurance service expenses	–	–	33,357	398	–	33,755
Amortization of insurance acquisition cash flows	6,703	–	–	–	–	6,703
Changes that relate to past service	–	–	(36)	(635)	–	(671)
Losses and reversal of losses on onerous contracts	–	(89)	–	–	–	(89)
Impairment and reversal of impairment of assets for insurance acquisition cash flows	–	–	–	–	(19)	(19)
Insurance service expenses	6,703	(89)	33,321	(237)	(19)	39,679
Total gross insurance service result	(39,247)	(89)	33,321	(237)	(19)	(6,272)
Cash in/(out)flows in the period						
Premiums received	47,593	–	–	–	–	47,593
Insurance acquisition cash flows	(7,086)	–	–	–	(326)	(7,412)
Claims and other insurance service expenses paid, including investment components	–	–	(33,636)	–	–	(33,636)
Net cash inflows/(outflows)	40,507	–	(33,636)	–	(326)	6,545
Allocation from assets for insurance acquisition cash flows to insurance contracts	(288)	–	–	–	288	–
Investment components	(324)	–	324	–	–	–
Insurance finance (income)/expense recognized in P&L	92	–	1,138	29	–	1,258
Insurance finance (income)/expense recognized in OCI	–	–	1,318	44	–	1,362
Acquisitions/(divestments) and transfers	1	–	27	–	–	28
Foreign currency translation effects	254	13	1,045	22	(45)	1,288
Other changes[1]	(60)	1	(250)	(1)	–	(309)
Total changes not related to provision of insurance service	(324)	14	3,601	94	243	3,627
Insurance contract liabilities, as of December 31, 2023	9,595	259	55,176	1,310	(645)	65,694
Insurance contract assets, as of December 31, 2023	–	–	–	–	–	–
Net insurance contracts as of December 31, 2023	**9,595**	**259**	**55,176**	**1,310**	**(645)**	**65,694**

1 Other changes mainly driven by non-recurring IFRS 9 balance sheet transition adjustments, hyperinflation adjustments and U.S. reclassification of deductible receivables to insurance contract liabilities.

Table 7.3a

Reconciliation of reinsurance contracts held, measured under PAA – current period

in USD millions	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimate of the present value of the future cash flows	Risk adjustment	Total
Reinsurance contract assets, as of January 1, 2024	1,749	12	11,868	275	13,903
Reinsurance contract liabilities, as of January 1, 2024	–	–	–	–	–
Net reinsurance contracts as of January 1, 2024	1,749	12	11,868	275	13,903
Reinsurance premiums	(8,484)	–	–	–	(8,484)
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expenses	–	–	5,956	95	6,051
Changes to recoveries of incurred claims that relate to past service	–	–	(310)	(109)	(418)
Changes that relate to onerous underlying contracts	–	18	–	–	18
Changes that relate to future services[1]	127	–	–	–	127
Amounts recovered from reinsurance	127	18	5,646	(14)	5,777
Total reinsurance service result	(8,357)	18	5,646	(14)	(2,707)
Cash (in)/outflows in the period					
Reinsurance premiums paid	8,581	–	–	–	8,581
Amounts received under reinsurance contracts held, including investment components	–	–	(6,325)	–	(6,325)
Net cash (inflows)/outflows	8,581	–	(6,325)	–	2,256
Reinsurance investment components	(1)	–	1	–	–
Effect of changes in the risk of non-performance of reinsurers	–	–	11	–	11
Reinsurance finance income/(expense) recognized in P&L	50	–	354	9	413
Reinsurance finance income/(expense) recognized in OCI	1	–	17	1	18
Acquisitions/(divestments) and transfers[2]	36	3	98	1	137
Foreign currency translation effects	(18)	(1)	(179)	(4)	(202)
Other changes	(16)	–	(15)	–	(32)
Total changes not related to provision of reinsurance services	52	2	287	5	346
Reinsurance contract assets, as of December 31, 2024	2,025	31	11,475	267	13,798
Reinsurance contract liabilities, as of December 31, 2024	–	–	–	–	–
Net reinsurance contracts as of December 31, 2024	**2,025**	**31**	**11,475**	**267**	**13,798**

1 Increase in retroactive reinsurance recoveries reflecting the adverse gross movements.
2 Increase related to an agreement signed to sell the employers' liability policies of Zurich Insurance Company Ltd, UK Branch (see note 4).

Table 7.3b

Reconciliation of reinsurance contracts held, measured under PAA – prior period

in USD millions	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimate of the present value of the future cash flows	Risk adjustment	Total
Reinsurance contract assets, as of January 1, 2023	1,773	16	10,909	290	12,988
Reinsurance contract liabilities, as of January 1, 2023	–	–	–	–	–
Net reinsurance contracts as of January 1, 2023	1,773	16	10,909	290	12,988
Reinsurance premiums	(7,886)	–	–	–	(7,886)
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expenses	–	–	5,120	96	5,216
Changes to recoveries of incurred claims that relate to past service	–	–	110	(127)	(17)
Changes that relate to onerous underlying contracts	–	(5)	–	–	(5)
Changes that relate to future services	1	–	–	–	1
Amounts recovered from reinsurance	1	(5)	5,231	(31)	5,196
Total reinsurance service result	(7,885)	(5)	5,231	(31)	(2,690)
Cash (in)/outflows in the period					
Reinsurance premiums paid	7,740	–	–	–	7,740
Amounts received under reinsurance contracts held, including investment components	–	–	(4,946)	–	(4,946)
Net cash (inflows)/outflows	7,740	–	(4,946)	–	2,794
Reinsurance finance income/(expense) recognized in P&L	51	–	282	7	340
Reinsurance finance income/(expense) recognized in OCI	5	–	247	9	260
Acquisitions/(divestments) and transfers	3	–	12	–	15
Foreign currency translation effects	43	–	134	2	178
Other changes	19	–	(1)	(1)	17
Total changes not related to provision of reinsurance services	121	–	674	16	811
Reinsurance contract assets, as of December 31, 2023	1,749	12	11,868	275	13,903
Reinsurance contract liabilities, as of December 31, 2023	–	–	–	–	–
Net reinsurance contracts as of December 31, 2023	**1,749**	**12**	**11,868**	**275**	**13,903**

Table 7.4

Development of insurance losses, measured under the PAA, net

in USD millions, as of December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	**2024**
Undiscounted liabilities for incurred claims, net of reinsurance	53,739	52,458	55,623	50,627	48,223	50,094	50,031	50,091	53,259	52,959
Effects of discounting								(9,110)	(9,951)	(8,915)
Effect of the risk adjustment for non-financial risk								1,163	1,035	1,066
Total liabilities for incurred claims, net of reinsurance	53,739	52,458	55,623	50,627	48,223	50,094	50,031	42,143	44,343	45,110
Cumulative claims paid, net of reinsurance:										
One year later	*(11,690)*	*(10,994)*	*(11,586)*	*(10,831)*	*(9,921)*	*(9,756)*	*(10,592)*	*(11,665)*	*(12,843)*	
Two years later	*(18,562)*	*(17,808)*	*(18,277)*	*(16,727)*	*(15,594)*	*(15,858)*	*(16,995)*	*(18,649)*		
Three years later	*(23,590)*	*(22,540)*	*(22,606)*	*(20,805)*	*(20,285)*	*(20,732)*	*(21,980)*			
Four years later	*(27,106)*	*(25,764)*	*(25,662)*	*(24,348)*	*(24,188)*	*(24,600)*				
Five years later	*(29,569)*	*(28,012)*	*(28,222)*	*(27,439)*	*(27,180)*					
Six years later	*(31,167)*	*(29,902)*	*(30,599)*	*(29,847)*						
Seven years later	*(32,588)*	*(31,729)*	*(32,453)*							
Eight years later	*(34,054)*	*(33,262)*								
Nine years later	*(35,299)*									
Undiscounted liabilities for incurred claims re-estimated, net of reinsurance:										
One year later	*53,260*	*52,131*	*54,949*	*50,044*	*47,815*	*49,494*	*49,958*	*49,889*	*53,133*	
Two years later	*52,633*	*51,415*	*54,108*	*49,197*	*47,150*	*49,247*	*49,792*	*49,762*		
Three years later	*52,073*	*50,462*	*53,251*	*48,610*	*47,021*	*49,204*	*49,693*			
Four years later	*51,337*	*49,538*	*52,597*	*48,180*	*47,086*	*49,149*				
Five years later	*50,482*	*48,971*	*52,040*	*48,158*	*47,030*					
Six years later	*50,076*	*48,418*	*51,885*	*48,083*						
Seven years later	*49,712*	*48,275*	*51,855*							
Eight years later	*49,596*	*48,333*								
Nine years later	*49,668*									

Table 7.4 summarizes the cumulative paid claims compared with previous estimates of the undiscounted amount of the incurred claims, net of reinsurance. The Group presents the information by financial year, not by accident year (i.e., insurance losses and the development thereof are for all accident years in that financial year).

The top section of the table shows the estimated undiscounted amount of future payments for losses and loss adjustment expenses incurred in that year and in prior years and the corresponding effects of discounting and risk adjustment for non-financial risk, which correspond to the liability for incurred claims (LIC), net of reinsurance, as of December 31, 2024 and 2023.

The cumulative claims paid, net of reinsurance section of the table presents the cumulative amounts paid in each subsequent year in respect of the LIC established at each year end. The undiscounted liabilities for incurred claims re-estimated, net of reinsurance, show the re-estimation of the initially recorded liabilities as of each subsequent year end. The amounts are presented gross of non-distinct investment component. The figures disclosed in this table for information published from 2021 and prior are as published previously and have not been restated for changes resulting from the application of IFRS 17. The effects from the application of IFRS 17 did not have a material effect and were primarily attributable to scope changes (e.g., incurred claims and expenses from short-term life insurance contracts were previously not included).

Changes to incurred claims estimates are made as more information becomes known about the actual insurance losses for which the initial LIC were established. Conditions and trends that have affected the development of insurance losses in the past may or may not necessarily occur in the future, and accordingly, conclusions about future results cannot be derived from the information presented in this table.

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

Table 7.5a

Reconciliation of insurance contracts issued, measured under BBA – current period

in USD millions	Liability for remaining coverage				
	Excluding loss component	Loss component	Liability for incurred claims	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities, as of January 1, 2024	21,278	1,491	4,908	(5)	27,672
Insurance contract assets, as of January 1, 2024	(411)	3	634	(797)	(571)
Net insurance contracts, as of January 1, 2024	20,867	1,494	5,542	(802)	27,101
Insurance revenue					
Insurance revenue	(6,477)	–	–	–	(6,477)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	–	–	4,563	–	4,563
Amortization of insurance acquisition cash flows	653	–	–	–	653
Changes that relate to past services	–	–	21	–	21
Losses on onerous contracts and reversal of those losses	–	13	–	–	13
Impairment and reversal of impairment of assets for insurance acquisition cash flows	–	–	–	3	3
Insurance service expenses	653	13	4,584	3	5,254
Total gross insurance service result	(5,824)	13	4,584	3	(1,223)
Cash in/(out)flows in the period					
Premiums received	8,538	–	–	–	8,538
Insurance acquisition cash flows	(937)	–	–	(130)	(1,068)
Claims and other insurance service expenses paid, including investment components	10	–	(6,821)	–	(6,811)
Net cash inflows/(outflows)	7,611	–	(6,821)	(130)	659
Allocation from assets for insurance acquisition cash flows	(89)	–	–	89	–
Investment components	(2,261)	–	2,261	–	–
Insurance finance (income)/expenses recognized in P&L	640	66	39	–	745
Insurance finance (income)/expenses recognized in OCI	(147)	–	(21)	–	(168)
Acquisitions/(divestments) and transfers[1]	(165)	4	–	–	(161)
Foreign currency translation effects	(1,060)	(84)	(190)	76	(1,258)
Other changes	(21)	3	(26)	–	(44)
Total changes not related to provision of insurance services	(3,104)	(10)	2,063	165	(886)
Insurance contract liabilities, as of December 31, 2024	20,310	1,421	5,082	(404)	26,410
Insurance contract assets, as of December 31, 2024	(759)	76	286	(361)	(759)
Net insurance contracts, as of December 31, 2024	**19,551**	**1,497**	**5,368**	**(764)**	**25,651**

1 In 2024, the decrease related to an agreement entered into by Inversiones Suizo-Chilena S.A. to sell the annuity book of Zurich Chile Seguros de Vida S.A. (see note 4).

Reconciliation of insurance contracts issued, measured under BBA – prior period

Table 7.5b

in USD millions	Liability for remaining coverage				
	Excluding loss component	Loss component	Liability for incurred claims	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities, as of January 1, 2023	22,577	1,780	4,652	(2)	29,007
Insurance contract assets, as of January 1, 2023	(489)	2	586	(766)	(668)
Net insurance contracts, as of January 1, 2023	22,088	1,782	5,237	(768)	28,339
Insurance revenue					
Insurance revenue	(6,360)	–	–	–	(6,360)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	–	–	4,477	–	4,477
Amortization of insurance acquisition cash flows	629	–	–	–	629
Changes that relate to past services	–	–	166	–	166
Losses on onerous contracts and reversal of those losses	–	(205)	–	–	(205)
Impairment and reversal of impairment of assets for insurance acquisition cash flows	–	–	–	1	1
Insurance service expenses	629	(205)	4,643	1	5,067
Total gross insurance service result	(5,732)	(205)	4,643	1	(1,293)
Cash in/(out)flows in the period					
Premiums received	9,193	–	–	–	9,193
Insurance acquisition cash flows	(882)	–	–	(137)	(1,018)
Claims and other insurance service expenses paid, including investment components	13	–	(7,433)	–	(7,420)
Net cash inflows/(outflows)	8,325	–	(7,433)	(137)	755
Allocation from assets for insurance acquisition cash flows	(106)	–	–	106	–
Investment components	(2,901)	–	2,901	–	–
Insurance finance (income)/expenses recognized in P&L	634	66	91	–	791
Insurance finance (income)/expenses recognized in OCI	523	–	5	–	529
Acquisitions/(divestments) and transfers[1]	(2,463)	(164)	–	–	(2,626)
Foreign currency translation effects	462	7	99	(3)	566
Other changes	35	7	(2)	–	40
Total changes not related to provision of insurance services	(3,814)	(84)	3,094	103	(700)
Insurance contract liabilities, as of December 31, 2023	21,278	1,491	4,908	(5)	27,672
Insurance contract assets, as of December 31, 2023	(411)	3	634	(797)	(571)
Net insurance contracts, as of December 31, 2023	**20,867**	**1,494**	**5,542**	**(802)**	**27,101**

1 In 2023, the decrease related to an agreement entered into by Inversiones Suizo-Chilena S.A. to sell the annuity book of Zurich Chile Seguros de Vida S.A. (see note 4).

Table 7.6a

Reconciliation of measurement components of insurance contracts issued, measured under BBA – current period

in USD millions	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Insurance contract liabilities, as of January 1, 2024	19,014	1,833	6,825	27,672
Insurance contract assets, as of January 1, 2024	(1,339)	178	590	(571)
Net insurance contracts, as of January 1, 2024	17,675	2,011	7,415	27,101
Changes that relate to future services				
Changes in estimates that adjust the CSM	(47)	(69)	117	–
Changes in estimates that result in onerous contract losses or reversal of losses	137	(38)	–	98
Contracts initially recognized in the period	(1,130)	226	914	11
Changes that relate to current services				
CSM recognized for the services provided	–	–	(1,158)	(1,158)
Risk adjustment recognized for the risk expired	–	(175)	–	(175)
Experience adjustments	(21)	–	–	(21)
Changes that relate to past services				
Changes in fulfilment cash flows relating to incurred claims	53	(32)	–	21
Changes related to provision of insurance services	(1,008)	(89)	(127)	(1,223)
Cash in/(out)flows in the period				
Premiums received	8,538	–	–	8,538
Insurance acquisition cash flows	(1,068)	–	–	(1,068)
Claims and other insurance service expenses paid, including investment components	(6,811)	–	–	(6,811)
Net cash inflows/(outflows)	659	–	–	659
Insurance finance (income)/expenses	421	(11)	167	577
Foreign currency translation effects	(842)	(111)	(305)	(1,258)
Other changes[1]	(198)	5	(12)	(205)
Total changes not related to provision of insurance services	(619)	(117)	(150)	(886)
Insurance contract liabilities, as of December 31, 2024	18,697	1,596	6,117	26,410
Insurance contract assets, as of December 31, 2024	(1,990)	210	1,022	(759)
Net insurance contracts, as of December 31, 2024	**16,707**	**1,806**	**7,138**	**25,651**

1 In 2024, the decrease mainly related to an agreement entered into by Inversiones Suizo-Chilena S.A. to sell the annuity book of Zurich Chile Seguros de Vida S.A. (see note 4).

Table 7.6b

Reconciliation of measurement components of insurance contracts issued, measured under BBA – prior period

in USD millions	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Insurance contract liabilities, as of January 1, 2023	21,268	1,964	5,775	29,007
Insurance contract assets, as of January 1, 2023	(1,401)	163	571	(668)
Net insurance contracts, as of January 1, 2023	19,867	2,127	6,346	28,339
Changes that relate to future services				
Changes in estimates that adjust the CSM	(593)	(31)	625	–
Changes in estimates that result in onerous contract losses or reversal of losses	105	(236)	–	(131)
Contracts initially recognized in the period	(1,601)	294	1,319	12
Changes that relate to current services				
CSM recognized for the services provided	–	–	(1,071)	(1,071)
Risk adjustment recognized for the risk expired	–	(179)	–	(179)
Experience adjustments	(89)	–	–	(89)
Changes that relate to past services				
Changes in fulfilment cash flows relating to incurred claims	198	(32)	–	166
Changes related to provision of insurance services	(1,982)	(184)	873	(1,293)
Cash in/(out)flows in the period				
Premiums received	9,193	–	–	9,193
Insurance acquisition cash flows	(1,018)	–	–	(1,018)
Claims and other insurance service expenses paid, including investment components	(7,420)	–	–	(7,420)
Net cash inflows/(outflows)	755	–	–	755
Insurance finance (income)/expenses	1,079	126	115	1,319
Foreign currency translation effects	496	(25)	96	566
Other changes[1]	(2,540)	(32)	(14)	(2,586)
Total changes not related to provision of insurance services	(966)	68	197	(700)
Insurance contract liabilities, as of December 31, 2023	19,014	1,833	6,825	27,672
Insurance contract assets, as of December 31, 2023	(1,339)	178	590	(571)
Net insurance contracts, as of December 31, 2023	**17,675**	**2,011**	**7,415**	**27,101**

1 In 2023, the decrease mainly related to an agreement entered into by Inversiones Suizo-Chilena S.A. to sell the annuity book of Zurich Chile Seguros de Vida S.A. (see note 4).

Reconciliation of insurance contracts issued, measured under VFA – current period

Table 7.7a

in USD millions	Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total
Insurance contract liabilities, as of January 1, 2024	122,167	106	1,324	123,596
Insurance contract assets, as of January 1, 2024	(9)	–	–	(9)
Net insurance contracts, as of January 1, 2024	122,157	106	1,324	123,587
Insurance revenue				
Insurance revenue	(3,890)	–	–	(3,890)
Insurance service expenses				
Incurred claims and other incurred insurance service expenses	–	–	2,204	2,204
Amortization of insurance acquisition cash flows	534	–	–	534
Changes that relate to past services	–	–	(1)	(1)
Losses on onerous contracts and reversal of those losses	–	(21)	–	(21)
Insurance service expenses	534	(21)	2,203	2,717
Total gross insurance service result	(3,356)	(21)	2,203	(1,173)
Cash in/(out)flows in the period				
Premiums received	12,314	–	–	12,314
Insurance acquisition cash flows	(522)	–	–	(522)
Claims and other insurance service expenses paid, including investment components	(15)	–	(15,615)	(15,631)
Net cash inflows/(outflows)	11,777	–	(15,615)	(3,838)
Investment components	(12,992)	–	12,992	–
Insurance finance (income)/expenses recognized in P&L	10,207	12	(13)	10,206
Insurance finance (income)/expenses recognized in OCI	156	–	–	156
Acquisitions/(divestments) and transfers[1]	19,898	–	(101)	19,798
Foreign currency translation effects	(10,481)	1	(30)	(10,511)
Other changes	71	(3)	(81)	(14)
Total changes not related to provision of insurance services	6,859	9	12,767	19,635
Insurance contract liabilities, as of December 31, 2024	137,447	94	679	138,220
Insurance contract assets, as of December 31, 2024	(10)	–	–	(10)
Net insurance contracts, as of December 31, 2024	**137,437**	**94**	**679**	**138,210**

1 In 2024, the increase mainly related to the reversal of the amounts previously held for sale regarding the legacy traditional life insurance book of Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft (see note 4).

Table 7.7b

Reconciliation of insurance contracts issued, measured under VFA – prior period

in USD millions	Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total
Insurance contract liabilities, as of January 1, 2023	111,688	107	1,215	113,011
Insurance contract assets, as of January 1, 2023	(8)	–	–	(8)
Net insurance contracts, as of January 1, 2023	111,680	107	1,215	113,002
Insurance revenue				
Insurance revenue	(3,766)	–	–	(3,766)
Insurance service expenses				
Incurred claims and other incurred insurance service expenses	–	–	2,152	2,152
Amortization of insurance acquisition cash flows	556	–	–	556
Changes that relate to past services	–	–	(30)	(30)
Losses on onerous contracts and reversal of those losses	–	(12)	–	(12)
Insurance service expenses	556	(12)	2,123	2,667
Total gross insurance service result	(3,210)	(12)	2,123	(1,099)
Cash in/(out)flows in the period				
Premiums received	11,191	–	–	11,191
Insurance acquisition cash flows	(505)	–	–	(505)
Claims and other insurance service expenses paid, including investment components	(33)	–	(15,958)	(15,991)
Net cash inflows/(outflows)	10,654	–	(15,958)	(5,305)
Investment components	(13,910)	–	13,910	–
Insurance finance (income)/expenses recognized in P&L	9,320	11	7	9,337
Insurance finance (income)/expenses recognized in OCI	2,362	–	–	2,362
Acquisitions/(divestments) and transfers	374	–	(14)	360
Foreign currency translation effects	5,102	–	28	5,130
Other changes	(214)	–	13	(201)
Total changes not related to provision of insurance services	3,034	11	13,944	16,989
Insurance contract liabilities, as of December 31, 2023	122,167	106	1,324	123,596
Insurance contract assets, as of December 31, 2023	(9)	–	–	(9)
Net insurance contracts, as of December 31, 2023	**122,157**	**106**	**1,324**	**123,587**

Table 7.8a

Reconciliation of measurement components of insurance contracts issued, measured under VFA – current period

in USD millions	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Insurance contract liabilities, as of January 1, 2024	113,624	689	9,283	123,596
Insurance contract assets, as of January 1, 2024	(49)	1	39	(9)
Net insurance contracts, as of January 1, 2024	113,575	690	9,322	123,587
Changes that relate to future services				
Changes in estimates that adjust the CSM	(1,322)	(18)	1,340	–
Changes in estimates that result in onerous contract losses or reversal of losses	(12)	(2)	–	(14)
Contracts initially recognized in the period	(425)	32	397	4
Changes that relate to current services				
CSM recognized for the services provided	–	–	(860)	(860)
Risk adjustment recognized for the risk expired	–	(54)	–	(54)
Experience adjustments	(249)	–	–	(249)
Changes that relate to past services				
Changes in fulfilment cash flows relating to incurred claims	(1)	–	–	(1)
Changes related to provision of insurance services	(2,009)	(41)	877	(1,173)
Cash in/(out)flows in the period				
Premiums received	12,314	–	–	12,314
Insurance acquisition cash flows	(522)	–	–	(522)
Claims and other insurance service expenses paid, including investment components	(15,631)	–	–	(15,631)
Net cash inflows/(outflows)	(3,838)	–	–	(3,838)
Insurance finance (income)/expenses	10,339	23	–	10,362
Foreign currency translation effects	(9,861)	(40)	(609)	(10,511)
Other changes[1]	19,523	88	173	19,783
Total changes not related to provision of insurance services	20,001	70	(437)	19,635
Insurance contract liabilities, as of December 31, 2024	127,764	718	9,738	138,220
Insurance contract assets, as of December 31, 2024	(35)	1	24	(10)
Net insurance contracts, as of December 31, 2024	**127,729**	**719**	**9,762**	**138,210**

1 In 2024, the increase mainly related to the reversal of the amounts previously held for sale regarding the legacy traditional life insurance book of Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft (see note 4).

Reconciliation of measurement components of insurance contracts issued, measured under VFA – prior period

Table 7.8b

in USD millions	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
Insurance contract liabilities, as of January 1, 2023	103,755	517	8,739	113,011
Insurance contract assets, as of January 1, 2023	(42)	1	32	(8)
Net insurance contracts, as of January 1, 2023	103,713	518	8,771	113,002
Changes that relate to future services				
Changes in estimates that adjust the CSM	(553)	119	434	–
Changes in estimates that result in onerous contract losses or reversal of losses	(7)	2	–	(5)
Contracts initially recognized in the period	(342)	23	324	5
Changes that relate to current services				
CSM recognized for the services provided	–	–	(824)	(824)
Risk adjustment recognized for the risk expired	–	(43)	–	(43)
Experience adjustments	(203)	–	–	(203)
Changes that relate to past services				
Changes in fulfilment cash flows relating to incurred claims	(29)	–	–	(30)
Changes related to provision of insurance services	(1,134)	101	(66)	(1,099)
Cash in/(out)flows in the period				
Premiums received	11,191	–	–	11,191
Insurance acquisition cash flows	(505)	–	–	(505)
Claims and other insurance service expenses paid, including investment components	(15,991)	–	–	(15,991)
Net cash inflows/(outflows)	(5,305)	–	–	(5,305)
Insurance finance (income)/expenses	11,682	17	–	11,699
Foreign currency translation effects	4,517	40	574	5,130
Other changes	102	14	43	159
Total changes not related to provision of insurance services	16,301	71	617	16,989
Insurance contract liabilities, as of December 31, 2023	113,624	689	9,283	123,596
Insurance contract assets, as of December 31, 2023	(49)	1	39	(9)
Net insurance contracts, as of December 31, 2023	**113,575**	**690**	**9,322**	**123,587**

FV of the underlying items for participating contracts

Table 7.9

in USD millions, for the years ended December 31	**2024**	2023
Cash and cash equivalents	(1,239)	(1,633)
Equity securities	(3,815)	(3,177)
Debt securities	(38,031)	(23,474)
Mortgage loans	(2,886)	(3,020)
Other investments	(2,234)	(1,858)
Unit-linked investments	(82,831)	(81,649)
Real estate	(6,603)	(7,288)
Other assets and liabilities	(1,736)	(1,850)
Total	**(139,374)**	**(123,948)**

Table 7.10a

Reconciliation of reinsurance contracts held, measured under BBA – current period

in USD millions	Assets for remaining coverage			
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
Reinsurance contract assets, as of January 1, 2024	6,112	174	1,753	8,039
Reinsurance contract liabilities, as of January 1, 2024	(650)	–	146	(504)
Net reinsurance contracts, as of January 1, 2024	5,462	174	1,899	7,535
Reinsurance premiums	(1,744)	–	–	(1,744)
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	16	–	1,316	1,332
Changes to recoveries of incurred claims that relate to past services	–	–	3	3
Changes that relate to onerous underlying contracts	–	85	–	85
Amounts recovered from reinsurance	16	85	1,319	1,420
Total reinsurance service result	(1,728)	85	1,319	(324)
Cash (in)/outflows in the period				
Reinsurance premiums paid	1,931	–	–	1,931
Amounts received under reinsurance contracts held, including investment components	(571)	–	(1,396)	(1,967)
Net cash (inflows)/outflows	1,360	–	(1,396)	(36)
Reinsurance investment components	(568)	–	568	–
Effect of changes in the risk of non-performance of reinsurers	(2)	–	1	(1)
Reinsurance finance income/(expenses) recognized in P&L	186	8	3	197
Reinsurance finance income/(expenses) recognized in OCI	35	–	–	35
Acquisitions/(divestments) and transfers	(2)	–	–	(2)
Foreign currency translation effects	(91)	(14)	(72)	(177)
Other changes	31	–	(44)	(13)
Total changes not related to reinsurance services received	(410)	(6)	456	40
Reinsurance contract assets, as of December 31, 2024	5,252	253	2,148	7,652
Reinsurance contract liabilities, as of December 31, 2024	(567)	–	130	(437)
Net reinsurance contracts, as of December 31, 2024	**4,684**	**253**	**2,278**	**7,215**

Table 7.10b

Reconciliation of reinsurance contracts held, measured under BBA – prior period

in USD millions	Assets for remaining coverage			
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
Reinsurance contract assets, as of January 1, 2023	5,158	171	1,561	6,890
Reinsurance contract liabilities, as of January 1, 2023	(436)	–	70	(367)
Net reinsurance contracts, as of January 1, 2023	4,722	171	1,631	6,524
Reinsurance premiums	(1,349)	–	–	(1,349)
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	3	–	1,039	1,042
Changes to recoveries of incurred claims that relate to past services	–	–	21	21
Changes that relate to onerous underlying contracts	–	(4)	–	(4)
Amounts recovered from reinsurance	3	(4)	1,060	1,059
Total reinsurance service result	(1,347)	(4)	1,060	(291)
Cash (in)/outflows in the period				
Reinsurance premiums paid	2,412	–	–	2,412
Amounts received under reinsurance contracts held, including investment components	5	–	(1,382)	(1,378)
Net cash (inflows)/outflows	2,417	–	(1,382)	1,035
Reinsurance investment components	(458)	–	458	–
Effect of changes in the risk of non-performance of reinsurers	5	–	(4)	1
Reinsurance finance income/(expenses) recognized in P&L	125	5	8	138
Reinsurance finance income/(expenses) recognized in OCI	(19)	–	–	(19)
Acquisitions/(divestments) and transfers	(6)	–	–	(6)
Foreign currency translation effects	27	2	11	40
Other changes	(5)	–	118	114
Total changes not related to reinsurance services received	(331)	7	591	267
Reinsurance contract assets, as of December 31, 2023	6,112	174	1,753	8,039
Reinsurance contract liabilities, as of December 31, 2023	(650)	–	146	(504)
Net reinsurance contracts, as of December 31, 2023	**5,462**	**174**	**1,899**	**7,535**

Table 7.11a

Reconciliation of measurement components of reinsurance contracts held, measured under BBA – current period

in USD millions	Estimate of the present value of the future cash flows	Risk adjustment	Contractual service margin	Total
Reinsurance contract assets, as of January 1, 2024	4,803	434	2,802	8,039
Reinsurance contract liabilities, as of January 1, 2024	(2,334)	402	1,428	(504)
Net reinsurance contracts, as of January 1, 2024	2,469	836	4,230	7,535
Changes that relate to future services				
Changes in estimates that adjust the CSM	359	(7)	(352)	–
Changes in estimates that relates to loss-recovery and reversal of loss-recovery on onerous underlying contracts	106	(8)	–	98
Contracts initially recognized in the period	(528)	263	266	2
Changes that relate to current services				
CSM recognized in P&L for services received	–	–	(355)	(355)
Changes in the risk adjustment for non-financial risk	–	(69)	–	(69)
Experience adjustments	(3)	–	–	(3)
Changes that relate to past services				
Changes that relate to assets for incurred claims	12	(8)	–	3
Changes related to reinsurance services received	(53)	170	(441)	(324)
Cash (in)/outflows in the period				
Reinsurance premiums paid	1,931	–	–	1,931
Amounts received under reinsurance contracts held, including investment components	(1,967)	–	–	(1,967)
Net cash (inflows)/outflows	(36)	–	–	(36)
Effect of changes in the risk of non-performance of reinsurers	(1)	–	–	(1)
Reinsurance finance income/(expenses)	102	(3)	133	232
Foreign currency translation effects	(65)	(27)	(84)	(177)
Other changes	(25)	–	10	(15)
Total changes not related to reinsurance services received	11	(30)	59	40
Reinsurance contract assets, as of December 31, 2024	4,425	581	2,646	7,652
Reinsurance contract liabilities, as of December 31, 2024	(2,033)	395	1,201	(437)
Net reinsurance contracts, as of December 31, 2024	**2,391**	**976**	**3,848**	**7,215**

Table 7.11b

Reconciliation of measurement components of reinsurance contracts held, measured under BBA – prior period

in USD millions	Estimate of the present value of the future cash flows	Risk adjustment	Contractual service margin	Total
Reinsurance contract assets, as of January 1, 2023	4,451	376	2,064	6,890
Reinsurance contract liabilities, as of January 1, 2023	(625)	24	235	(367)
Net reinsurance contracts, as of January 1, 2023	3,825	400	2,299	6,524
Changes that relate to future services				
Changes in estimates that adjust the CSM	277	(10)	(267)	–
Changes in estimates that relates to loss-recovery and reversal of loss-recovery on onerous underlying contracts	21	(9)	–	11
Contracts initially recognized in the period[1]	(2,755)	450	2,305	–
Changes that relate to current services				
CSM recognized in P&L for services received	–	–	(262)	(262)
Changes in the risk adjustment for non-financial risk	–	(40)	–	(40)
Experience adjustments	(22)	–	–	(22)
Changes that relate to past services				
Changes that relate to assets for incurred claims	31	(11)	–	21
Changes related to reinsurance services received	(2,448)	380	1,777	(291)
Cash (in)/outflows in the period				
Reinsurance premiums paid	2,412	–	–	2,412
Amounts received under reinsurance contracts held, including investment components	(1,378)	–	–	(1,378)
Net cash (inflows)/outflows	1,035	–	–	1,035
Effect of changes in the risk of non-performance of reinsurers	1	–	–	1
Reinsurance finance income/(expenses)	(16)	47	88	118
Foreign currency translation effects	(32)	8	63	40
Other changes	104	–	3	108
Total changes not related to reinsurance services received	57	56	154	267
Reinsurance contract assets, as of December 31, 2023	4,803	434	2,802	8,039
Reinsurance contract liabilities, as of December 31, 2023	(2,334)	402	1,428	(504)
Net reinsurance contracts, as of December 31, 2023	**2,469**	**836**	**4,230**	**7,535**

1 In 2023, it mainly relates to the reinsurance of the in-force individual life insurance book of Farmers New World Life Insurance Company, a subsidiary of Farmers Group, Inc.

Amounts in tables 7.12a and 7.12b are included within the reconciliations of insurance and reinsurance contracts within this note.

Effect of insurance and reinsurance contracts initially recognized, measured under the BBA and VFA – current period

Table 7.12a

In USD millions, as of December 31, 2024	Insurance contracts issued – profitable contracts	Insurance contracts issued – onerous contracts	Reinsurance contracts held[1]
Estimates of present value of future cash outflows, excluding insurance acquisition cash flows	14,460	440	3,215
Estimates of insurance acquisition cash flows	1,481	24	–
Estimates of present value of future cash inflows	(17,507)	(453)	(2,687)
Risk adjustment for non-financial risk	255	4	(263)
CSM	1,311	–	(266)
Losses/(loss recoveries) recognized at initial recognition	**–**	**15**	**(2)**

1 In 2024, relates to the reinsurance of the in-force life insurance book of Zurich Life Insurance Japan Company Ltd.

Effect of insurance and reinsurance contracts initially recognized, measured under the BBA and VFA – prior period

Table 7.12b

In USD millions, as of December 31, 2023	Insurance contracts issued – profitable contracts[1]	Insurance contracts issued – onerous contracts	Reinsurance contracts held[2]
Estimates of present value of future cash outflows, excluding insurance acquisition cash flows	14,346	369	13,993
Estimates of insurance acquisition cash flows	1,528	14	–
Estimates of present value of future cash inflows	(17,830)	(370)	(11,239)
Risk adjustment for non-financial risk	313	4	(450)
CSM	1,643	–	(2,305)
Losses/(loss recoveries) recognized at initial recognition	**–**	**17**	**–**

1 Includes changes in contract boundaries in Bansabadell Vida S.A. de Seguros y Reaseguros.
2 Includes the reinsurance of the in-force individual life insurance book of Farmers New World Life Insurance Company, a subsidiary of Farmers Group, Inc.

Table 7.13 shows the expected pattern of recognition of the CSM from existing contracts in profit or loss.

Expected recognition of the CSM in the P&L

Table 7.13

In USD millions, as of December 31	2024			2023		
	Insurance contracts measured under BBA	Insurance contracts measured under VFA	Reinsurance contracts measured under BBA	Insurance contracts measured under BBA	Insurance contracts measured under VFA	Reinsurance contracts measured under BBA
< 1 year	769	526	(224)	810	487	(241)
1 to 2 years	566	523	(219)	598	527	(250)
2 to 3 years	503	498	(210)	533	504	(244)
3 to 4 years	453	466	(200)	483	481	(256)
4 to 5 years	410	448	(188)	436	455	(222)
5 to 10 years	1,601	1,931	(810)	1,694	1,936	(942)
> 10 years	2,837	5,370	(1,997)	2,860	4,931	(2,074)
Total amount of unamortized CSM	**7,138**	**9,762**	**(3,848)**	**7,415**	**9,322**	**(4,230)**

For insurance contracts measured under the BBA, a large proportion of the CSM is expected to be released within the next 10 years, consistent with the coverage period of the respective insurance contracts in force. The expected pattern for the CSM recognition for reinsurance contracts held is consistent with insurance contracts under the BBA. Due to significantly longer coverage period of insurance contracts measured under the VFA, the expected CSM release pattern is much slower, with a significant proportion of CSM to be recognized in profit or loss after 10 years.

On transition to IFRS 17, the Group applied transition modifications as described in note 3, including those affecting the amount of OCI recognized for groups of (re-)insurance contracts under the modified retrospective or fair value approaches. Table 7.14 below provides a reconciliation of the cumulative amounts included in OCI for financial assets measured at fair value through OCI (FVOCI) related to these groups of (re-)insurance contracts as of December 31, 2024 and 2023, respectively.

Reconciliation of the cumulative amounts in OCI for financial assets measured at FVOCI

Table 7.14

in USD millions	2024	2023
Cumulative amount included in OCI for financial assets measured at FVOCI as of January 1	(2,231)	(4,759)
Gains/(losses) recognized in OCI in the period	(439)	2,409
Gains/(losses) previously recognized in OCI in previous periods reclassified in the period to P&L	150	568
Foreign currency translation effects	96	(123)
Other changes[1]	(407)	(326)
Cumulative amount included in OCI for financial assets measured at FVOCI as of December 31	**(2,830)**	**(2,231)**

1 Other changes are mainly related to assets and liabilities held for sale based on agreements signed to sell portfolios of Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch, as well as the reversal of the amounts previously held for sale regarding the legacy traditional life insurance book of Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft (see note 4).

The following tables provide a summary of the movement in the CSM by transition approach for the years ended December 31, 2024 and 2023, respectively:

CSM by transition approach for groups of insurance contracts issued – current period

Table 7.15a

in USD millions	Modified retrospective	Fair value	All other insurance contracts	Total
Contractual service margin as of January 1, 2024	7,561	2,363	6,813	16,737
Changes that relate to future services				
Changes in estimates that adjust the CSM	925	(84)	615	1,456
Contracts initially recognized in the period	–	–	1,311	1,311
Changes that relate to current services				
CSM recognized for services provided in P&L	(681)	(221)	(1,116)	(2,017)
Changes related to provision of insurance services	244	(304)	810	750
Foreign currency translation effects	(466)	(64)	(384)	(914)
Insurance finance (income)/expense	11	27	129	167
Other changes	169	(336)	329	161
Total other changes	(287)	(373)	73	(587)
Contractual service margin as of December 31, 2024	**7,519**	**1,685**	**7,696**	**16,901**

CSM by transition approach for groups of insurance contracts issued – prior period

Table 7.15b

in USD millions	Modified retrospective	Fair value	All other insurance contracts	Total
Contractual service margin as of January 1, 2023	7,734	1,969	5,413	15,117
Changes that relate to future services				
Changes in estimates that adjust the CSM	135	602	323	1,059
Contracts initially recognized in the period	–	–	1,643	1,643
Changes that relate to current services				
CSM recognized for services provided in P&L	(697)	(254)	(945)	(1,895)
Changes related to provision of insurance services	(562)	348	1,021	807
Foreign currency translation effects	474	35	160	669
Insurance finance (income)/expense	9	22	84	115
Other changes	(94)	(11)	134	29
Total other changes	389	46	378	813
Contractual service margin as of December 31, 2023	**7,561**	**2,363**	**6,813**	**16,737**

CSM by transition approach for groups of reinsurance contracts held – current period

Table 7.16a

in USD millions

	Modified retrospective	Fair value	All other insurance contracts	Total
Contractual service margin as of January 1, 2024	56	199	3,975	4,230
Changes that relate to future services				
Changes in estimates that adjust the CSM	(114)	(125)	(113)	(352)
Contracts initially recognized in the period	–	–	266	266
Changes that relate to current services				
CSM recognized in P&L to reflect the transfer of services	(17)	(110)	(227)	(355)
Changes related to provision of reinsurance services received	(131)	(235)	(75)	(441)
Foreign currency translation effects	(1)	(14)	(69)	(84)
Reinsurance finance income/(expense)	5	32	96	133
Other changes	6	(46)	51	10
Total other changes	9	(28)	78	59
Contractual service margin as of December 31, 2024	**(65)**	**(65)**	**3,978**	**3,848**

CSM by transition approach for groups of reinsurance contracts held – prior period

Table 7.16b

in USD millions

	Modified retrospective	Fair value	All other insurance contracts	Total
Contractual service margin as of January 1, 2023	171	429	1,700	2,299
Changes that relate to future services				
Changes in estimates that adjust the CSM	(122)	(109)	(36)	(267)
Contracts initially recognized in the period	–	–	2,305	2,305
Changes that relate to current services				
CSM recognized in P&L to reflect the transfer of services	(20)	(69)	(173)	(262)
Changes related to provision of reinsurance services received	(142)	(178)	2,096	1,777
Foreign currency translation effects	1	(1)	63	63
Reinsurance finance income/(expense)	9	23	55	88
Other changes	17	(74)	61	3
Total other changes	27	(52)	179	154
Contractual service margin as of December 31, 2023	**56**	**199**	**3,975**	**4,230**

Maturity analysis of insurance and reinsurance contract liabilities

Table 7.17

in USD millions, as of December 31

	2024				2023			
	Insurance contract liabilities			Reinsurance contract liabilities	Insurance contract liabilities			Reinsurance contract liabilities
	Measured under PAA	Measured under BBA	Measured under VFA	Measured under BBA	Measured under PAA	Measured under BBA	Measured under VFA	Measured under BBA
On demand	–	–	–	–	6	–	–	–
< 1 year	16,126	3,645	6,146	62	15,929	2,681	4,997	38
1 to 2 years	8,501	683	4,281	179	8,685	778	4,602	173
2 to 3 years	5,791	566	4,041	170	5,833	639	3,931	168
3 to 4 years	4,483	452	3,872	162	4,121	566	3,908	160
4 to 5 years	2,974	457	3,830	153	2,915	488	3,536	150
> 5 years	17,644	13,298	105,593	1,307	17,687	13,867	92,651	1,645
Total maturity	**55,520**	**19,101**	**127,764**	**2,033**	**55,176**	**19,019**	**113,624**	**2,334**

Table 7.18

Expected derecognition of assets for insurance acquisition cash flows

In USD millions, as of December 31	2024		2023	
	Contracts measured under PAA	**Contracts measured under BBA and VFA**	Contracts measured under PAA[1]	Contracts measured under BBA and VFA
< 1 year	96	40	145	37
1 year	118	43	89	40
2 years	80	42	76	41
3 years	65	40	60	41
4 years	38	38	52	39
5 to 10 years	66	167	77	180
> 10 years	108	394	146	424
Total	**572**	**764**	**645**	**802**

1 Please note the allocation of contracts measured under PAA for the prior year has been updated.

Nature and extent of risks that arise from (re-)insurance contracts

(Re-)insurance contracts issued and reinsurance contracts held give rise to insurance and financial risks that the Group manages using the internal model approved by the Swiss Financial Market Supervisory Authority FINMA for use under the Swiss Solvency Test (SST). Insurance risks arising from short-term contracts are covered by premium and reserve risk, as well as natural catastrophe risk, while business risk and life insurance risk cover insurance risks arising from long-term contracts, including contracts with policyholder participation accounted for as direct participating contracts. Market risks arise from assets backing insurance contracts, asset/liability mismatches and credit risk of investments. From a risk perspective, long-term life contracts include investment contracts that do not transfer significant insurance risk and are accounted for as investment contracts.

The approaches implemented by the Group to manage these risks and risk concentrations are further described in the 2024 Risk Review which forms an integral part of the consolidated financial statements. Furthermore, the 2024 Risk Review provides a comprehensive overview of the exposures per risk type and the Group's strategy to mitigate insurance risk concentrations through reinsurance contracts.

The tables below provide sensitivities to changes in essential risk variables arising from (re-)insurance contracts issued on a net basis, which is how exposures are presented to key management personnel.

Insurance risk sensitivity

Tables 7.19a and 7.19b show the sensitivity of net income before tax and net assets as a result of adverse development in the net loss ratio by one percentage point. The income tax impact is estimated using the Group effective income tax rate. The sensitivities do not indicate the probability of such an event and do not consider any non-linear effects of reinsurance. Based on the assumptions applied in the sensitivity analysis in tables 7.19a and 7.19b, each additional percentage point increase in the loss ratio would have a linear impact on net income before tax and net assets.
The Group also monitors insurance risk by evaluating extreme scenarios, taking into account the non-linear effects of reinsurance contracts.

Table 7.19a

Insurance risk sensitivity for the Property & Casualty business – current period

in USD millions, for the year ended December 31, 2024	**Europe, Middle East & Africa**	**North America**	**Asia Pacific**	**Latin America**	**Reinsurance**	**Total[2]**
+1% in loss ratio[1]						
Net income before tax	(187)	(210)	(38)	(32)	(8)	(448)
Net assets	(140)	(157)	(28)	(24)	(6)	(335)

1 A 1 percent change in net loss ratio is defined as a 1 percent change in insurance revenue.
2 Includes the impact of eliminations upon consolidation.

Table 7.19b

Insurance risk sensitivity for the Property & Casualty business – prior period

in USD millions, for the year ended December 31, 2023	Europe, Middle East & Africa	North America	Asia Pacific	Latin America	Reinsurance	Total[2]
+1% in loss ratio[1]						
Net income before tax	(172)	(206)	(34)	(28)	(8)	(423)
Net assets	(129)	(155)	(26)	(21)	(6)	(317)

1 A 1 percent change in net loss ratio is defined as a 1 percent change in insurance revenue.
2 Includes the impact of eliminations upon consolidation.

The Group is exposed to risk arising from natural catastrophes, with U.S. hurricane, California earthquake and Europe wind being the most material in terms of risk concentration. The impacts of insurance-specific scenarios for these events are a decrease of net income before tax and net assets of USD 1.6 billion, USD 1.0 billion and USD 0.7 billion, respectively. Note that the scenario impacts are comparable to the modelled 250-year net occurrence loss as of September 30, 2024 for the respective peril (equivalent to a 99.6 percent probability of non-exceedance).

Market risk sensitivity

The Group manages the market risk of assets relative to liabilities on an economic total balance sheet basis. This is done to achieve the maximum risk-adjusted excess return on assets relative to the liability benchmark, while also taking into account the Group's risk tolerance and local regulatory constraints. Therefore, economic risk sensitivities are evaluated by the Group based on their effects on available financial resources (AFR) or available capital in SST, taking into account interdependencies between the effects of the shocks on financial assets held by the Group and (re-) insurance contracts issued net of reinsurance contracts held. The sensitivities as a result of predefined interest rate yield curve, stock market, and credit spread shocks are presented in tables 7.20 to 7.22.

Table 7.20

Economic interest rate sensitivities on SST AFR

in USD millions, as of September 30	**2024**	2023
50 bps increase in the interest rate yield curves		
Property & Casualty	(91)	(88)
Life	250	260
Rest of the business	80	61
50 bps decrease in the interest rate yield curves		
Property & Casualty	87	109
Life	(356)	(410)
Rest of the business	(87)	(62)

Table 7.21

Economic equity price sensitivities on SST AFR

in USD millions, as of September 30	**2024**	2023
20% decline in stock markets		
Property & Casualty	(1,356)	(1,183)
Life	(1,464)	(1,168)
Rest of the business	(71)	(81)

Table 7.22

Economic credit spread sensitivities on SST AFR

in USD millions, as of September 30	**2024**	2023
100 bps increase in credit spreads		
Property & Casualty	(1,656)	(1,404)
Life	(1,676)	(1,449)
Rest of the business	(185)	(169)

8. Liabilities for investment contracts

Liabilities for investment contracts

Table 8.1

in USD millions, as of December 31	2024	2023
Unit-linked investment contracts	65,900	59,807
Other investment contracts	607	463
Total	**66,507**	**60,270**

Unit-linked investment contracts issued by the Group are recorded at a value reflecting the returns on investment funds which include selected equities, debt securities and derivative financial instruments. Policyholders bear the full risk of the returns on these investments. Other investment contracts are recorded primarily at amortized cost and valued based on a discounted cash flow valuation technique.

Development of liabilities for investment contracts

Table 8.2

in USD millions	2024	2023
As of January 1	60,270	50,557
Premiums	7,923	6,940
Claims	(6,131)	(5,232)
Fee income and other expenses	(483)	(422)
Interest and bonuses credited to policyholders	8,105	6,109
Acquisitions/(divestments) and transfers	–	–
Foreign currency translation effects	(3,177)	2,318
As of December 31	**66,507**	**60,270**

Tables 8.3a and 8.3b provide an analysis of investment contract liabilities according to maturity, based on contractual cash flows as of December 31, 2024 and 2023. The undiscounted contractual cash flows for investment contract liabilities are USD 67 billion as of December 31, 2024 and 60 billion as of December 31, 2023. Liabilities for unit-linked investment contracts amounted to USD 66 billion and USD 60 billion as of December 31, 2024 and 2023, respectively. Policyholders of unit-linked investment contracts can generally surrender their contracts at any time, leading the underlying assets to be liquidated. Risks arising from liquidation of unit-linked assets are borne by the policyholders. The Group actively manages the Life in-force business to improve persistency and retention.

Expected maturity analysis for liabilities for investment contracts – current period

Table 8.3a

in USD millions, as of December 31, 2024	Liabilities related to unit-linked investment contracts	Liabilities related to investment contracts (amortized cost)	Total
< 1 year	3,568	232	3,801
1 to 5 years	7,696	68	7,763
5 to 10 years	9,927	278	10,205
10 to 20 years	15,928	14	15,943
> 20 years	28,781	15	28,796
Total	**65,900**	**607**	**66,507**

Expected maturity analysis for liabilities for investment contracts – prior period

Table 8.3b

in USD millions, as of December 31, 2023	Liabilities related to unit-linked investment contracts	Liabilities related to investment contracts (amortized cost)	Total
< 1 year	3,789	280	4,069
1 to 5 years	7,350	72	7,422
5 to 10 years	8,334	42	8,377
10 to 20 years	12,456	43	12,499
> 20 years	27,879	25	27,905
Total	**59,807**	**463**	**60,270**

9. Insurance revenue

Analysis of insurance revenue recognized

Table 9.1

in USD millions, for the years ended December 31	2024	2023
Insurance revenue recognized in the period – PAA	49,128	45,950
Change in the liability for remaining coverage, consisting of:		
Amortization of CSM	2,019	1,909
Release of risk adjustment for non-financial risk	261	247
Release of expected insurance service expenses	6,846	6,698
Allocation of insurance acquisition cash flows	1,191	1,191
Premium experience adjustments	60	117
Other	1	(12)
Insurance revenue recognized in the period – BBA and VFA	10,379	10,148
Total insurance revenue	**59,507**	**56,099**

Insurance revenue by transition approach measured under BBA and VFA

Table 9.2

In USD millions for the years ended December 31	2024		2023	
	Contracts measured under BBA	**Contracts measured under VFA**	Contracts measured under BBA	Contracts measured under VFA
Contracts measured under the modified retrospective approach	372	2,701	482	2,620
Contracts measured under the fair value approach	1,288	416	1,406	440
All other contracts	4,817	785	4,472	729
Insurance revenue measured under BBA and VFA	**6,477**	**3,902**	**6,360**	**3,788**

10. Fee result

Table 10

Fee result

in USD millions, for the years ended December 31	2024	2023
Fee income		
Farmers management fees and other related revenues[1]	4,399	4,529
Investment contracts related fee income	717	648
Risk engineering and other fee income	895	708
Total fee income	6,011	5,885
Fee business expenses		
Fee related expenses	(3,575)	(3,583)
Fee result	**2,436**	**2,303**

1 See table 25.2 for further details.

11. Expenses

Table 11 shows administrative and operating expenses (excluding impacts from financing) by functional area and by type of expense.

Table 11

Expenses

in USD millions, for the years ended December 31	2024	2023
Insurance related expenses		
Administrative and other operating expenses	3,377	3,273
Underwriting and policy acquisition costs	12,246	11,583
Claims handling expenses	3,500	3,740
Investment expenses	146	144
Reinsurance-related expenses	(453)	(526)
Investment expenses	181	211
Fee business expenses	3,575	3,583
Other expenses	2,779	2,659
Total	**25,349**	**24,667**
of which:		
Personnel and other related costs	7,583	7,411
Building, infrastructure and related costs	456	520
Brand and marketing expense	470	510
Commissions (net of IACF)	10,049	9,372
Premium taxes (net of IACF)	689	709
Asset and other non-income taxes	79	82
IT expenses	2,180	1,987
Outsourcing and professional services	2,444	2,752
Other	1,400	1,326
Total	**25,349**	**24,667**

12. Property and equipment

Buildings held for own use and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss. Generally, these assets are depreciated on a straight-line basis to profit or loss over the following estimated useful lives:

- buildings 25 to 50 years;
- furniture and fixtures 5 to 10 years;
- equipment 3 to 6 years;
- other equipment 6 to 10 years (or determined by the term of lease).

Land held for own use is carried at cost less any accumulated impairment loss.

The right-of-use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated over the shorter of the leased asset's useful life or the lease term on a straight-line basis.

Table 12.1

Property and equipment overview

in USD millions, as of December 31	Real Estate		Equipment		Total	
	2024	2023	**2024**	2023	**2024**	2023
Right-of-use	1,023	1,184	71	56	1,093	1,241
Owned and subject to operating lease	385	423	388	428	773	851
Total	**1,408**	**1,608**	**459**	**484**	**1,867**	**2,092**

Table 12.2a

Property and equipment – current period

in USD millions	Real Estate				Equipment			Total	
	Owned	Right-of-use	Total	Owned incl. operating lease	Right-of-use	Total	Owned incl. operating lease	Right-of-use	Total
Gross carrying value as of January 1, 2024	532	2,476	3,008	1,368	89	1,457	1,900	2,564	4,465
Less: accumulated depreciation/impairments	(109)	(1,291)	(1,400)	(940)	(33)	(972)	(1,049)	(1,324)	(2,373)
Net carrying value as of January 1, 2024	**423**	**1,184**	**1,608**	**428**	**56**	**484**	**851**	**1,241**	**2,092**
Additions and improvements	1	38	39	80	31	112	82	69	151
Lease modifications	–	81	81	–	4	4	–	86	86
Depreciation and impairments	(10)	(178)	(189)	(103)	(18)	(121)	(113)	(196)	(310)
Acquisitions/(divestments) and transfers	–	(54)	(54)	–	(2)	(3)	–	(56)	(57)
Foreign currency translation effects	(29)	(48)	(77)	(17)	(1)	(18)	(46)	(49)	(95)
Net carrying value as of December 31, 2024	**385**	**1,023**	**1,408**	**388**	**71**	**459**	**773**	**1,093**	**1,867**
Plus: accumulated depreciation/impairments	112	1,322	1,434	904	31	935	1,016	1,353	2,370
Gross carrying value as of December 31, 2024	497	2,345	2,842	1,292	102	1,394	1,790	2,447	4,236

Property and equipment – prior period

Table 12.2b

in USD millions	Real Estate			Equipment			Total		
	Owned	Right-of-use	Total	Owned incl. operating lease	Right-of-use	Total	Owned incl. operating lease	Right-of-use	Total
Gross carrying value as of January 1, 2023	529	2,496	3,025	1,323	98	1,421	1,853	2,594	4,447
Less: accumulated depreciation/impairments	(93)	(1,193)	(1,286)	(883)	(51)	(935)	(977)	(1,244)	(2,221)
Net carrying value as of January 1, 2023	**436**	**1,303**	**1,740**	**440**	**47**	**487**	**876**	**1,350**	**2,226**
Additions and improvements	6	41	47	97	33	130	103	74	177
Lease modifications	–	75	75	–	(1)	(1)	–	74	74
Depreciation and impairments	(48)	(231)	(279)	(118)	(17)	(135)	(167)	(248)	(415)
Acquisitions/(divestments) and transfers	(7)	(31)	(38)	(2)	(8)	(10)	(9)	(38)	(47)
Foreign currency translation effects	36	27	63	12	2	13	48	29	77
Net carrying value as of December 31, 2023	**423**	**1,184**	**1,608**	**428**	**56**	**484**	**851**	**1,241**	**2,092**
Plus: accumulated depreciation/impairments	109	1,291	1,400	940	33	972	1,049	1,324	2,373
Gross carrying value as of December 31, 2023	532	2,476	3,008	1,368	89	1,457	1,900	2,564	4,465

Lessee – lease expenses and income

Table 12.3

in USD millions, for the years ended December 31	**2024**	2023
Lease expenses[1]		
Interest expense on lease liabilities[2]	42	42
Short-term lease expenses	10	6
Low-value asset lease expenses	25	25
Lease income		
Income from subleasing right-of-use assets	8	8
Gains arising from sale and leaseback transactions	–	31

1 Total cash outflow for leases amounts to USD 283 million as of December 31, 2024, excluding USD 1.8 billion of future cash outflows due to extension & termination options.
2 Included within 'Interest credited to policyholders and other interest.'

Lessor – finance lease and operating lease income

Table 12.4

in USD millions, for the years ended December 31	**2024**	2023
Finance lease		
Interest income on finance lease receivables	70	49
Operating lease		
Operating lease income – property and equipment	1	–
Operating lease income – investment property	625	643
Operating variable lease income – property and equipment	1	1

Maturity analysis – finance lease receivable

Table 12.5

in USD millions, as of December 31	2024			2023		
	Carrying value	**Unearned interest**	**Undiscounted cash flows**	Carrying value	Unearned interest	Undiscounted cash flows
< 1 year	8	7	15	94	3	98
1 to 2 years	22	7	29	31	2	33
2 to 3 years	17	7	24	35	5	39
3 to 4 years	25	10	35	26	5	31
4 to 5 years	18	7	25	24	6	30
> 5 years	146	49	195	263	189	452
Total	**235**	**87**	**322**	**473**	**209**	**682**

Maturity analysis – operating lease payments to be received

Table 12.6

in USD millions, as of December 31	Undiscounted cash flows	
	2024	2023
< 1 year	491	473
1 to 2 years	347	351
2 to 3 years	290	302
3 to 4 years	235	236
4 to 5 years	194	193
> 5 years	717	758
Total	**2,273**	**2,313**

13. Attorney-in-fact contracts, goodwill and other intangible assets

Table 13.1

Intangible assets by business – current period

in USD millions, as of December 31, 2024	Attorney-in-fact contracts	Goodwill	Distribution agreements	Software	Other	Total
Property & Casualty	–	2,245	486	725	171	3,627
Life	–	1,286	1,236	57	138	2,716
Farmers	2,650	1,264	–	332	786	5,032
Group Functions and Operations	–	10	–	46	–	56
Net carrying value	**2,650**	**4,805**	**1,722**	**1,160**	**1,095**	**11,432**

Table 13.2

Intangible assets by business – prior period

in USD millions, as of December 31, 2023	Attorney-in-fact contracts	Goodwill	Distribution agreements	Software	Other	Total
Property & Casualty	–	1,855	435	866	151	3,308
Life	–	1,412	1,384	53	160	3,009
Farmers	2,650	1,264	–	400	832	5,146
Group Functions and Operations	–	10	–	55	–	65
Net carrying value	**2,650**	**4,541**	**1,820**	**1,374**	**1,143**	**11,529**

Table 13.3

Intangible assets – current period

in USD millions	Attorney-in-fact contracts	Goodwill	Distribution agreements	Software[1]	Other	Total
Gross carrying value as of January 1, 2024	2,650	4,807	3,836	5,764	1,417	18,474
Less: accumulated amortization/impairments	–	(265)	(2,016)	(4,390)	(274)	(6,945)
Net carrying value as of January 1, 2024	**2,650**	**4,541**	**1,820**	**1,374**	**1,143**	**11,529**
Additions and acquisitions	–	383	132	300	39	854
Divestments and transfers	–	(13)	(15)	(6)	(2)	(36)
Amortization[2]	–	–	(60)	(357)	(69)	(486)
Impairments	–	–	(4)	(107)	(4)	(116)
Foreign currency translation effects	–	(106)	(150)	(44)	(13)	(314)
Net carrying value as of December 31, 2024	**2,650**	**4,805**	**1,722**	**1,160**	**1,095**	**11,432**
Plus: accumulated amortization/impairments	–	250	1,819	4,557	381	7,008
Gross carrying value as of December 31, 2024	2,650	5,055	3,542	5,717	1,476	18,440

1 For the year ended December 31, 2024 Farmers Group, Inc. had USD 1.4 billion of fully amortized software, which is still in use.
2 Amortization of distribution agreements is included within underwriting and policy acquisition costs.

As of December 31, 2024, distribution agreements related to non-controlling interests were USD 794 million.

In 2024, as a result of the acquisition of Kotak Mahindra General Insurance Company Limited, intangible assets increased by USD 556 million, of which USD 383 million is goodwill, USD 132 million is distribution agreement, USD 41 million is other intangible assets and USD 1 million is software (please see note 4). The table above excludes an estimated amount of USD 662 million, of which USD 520 million relates to goodwill and USD 142 relates to other intangible assets, related to the acquisition of AIG Travel (please see note 4).

Intangible assets – prior period

Table 13.4

in USD millions	Attorney-in-fact contracts	Goodwill	Distribution agreements	Software[1]	Other	Total
Gross carrying value as of January 1, 2023	2,650	4,794	3,673	5,430	894	17,441
Less: accumulated amortization/impairments	–	(256)	(1,858)	(4,046)	(257)	(6,417)
Net carrying value as of January 1, 2023	**2,650**	**4,538**	**1,815**	**1,384**	**638**	**11,025**
Additions and acquisitions	–	18	6	317	569	911
Divestments and transfers	–	–	–	–	(3)	(3)
Amortization[2]	–	–	(59)	(347)	(57)	(464)
Impairments	–	–	–	(9)	(2)	(11)
Foreign currency translation effects	–	(15)	58	29	(2)	70
Net carrying value as of December 31, 2023	**2,650**	**4,541**	**1,820**	**1,374**	**1,143**	**11,529**
Plus: accumulated amortization/impairments	–	265	2,016	4,390	274	6,945
Gross carrying value as of December 31, 2023	2,650	4,807	3,836	5,764	1,417	18,474

1 For the year ended December 31, 2023 Farmers Group, Inc. had USD 1.3 billion of fully amortized software, which is still in use.
2 Amortization of distribution agreements is included within underwriting and policy acquisition costs.

As of December 31, 2023, distribution agreements related to non-controlling interests were USD 850 million.

In 2023, as a result of the acquisition by Farmers Group, Inc. of Kraft Lake Insurance Agency Inc., Western Star Insurance Services, Inc. and Farmers General Insurance Agency, Inc., intangible assets increased by USD 586 million, of which USD 26 million is goodwill and USD 560 million is other intangible assets (please see note 4).

The Group performs quantitative tests of recoverability of goodwill and intangible assets with indefinite useful lives annually during the third quarter unless there is an indication that goodwill or an intangible asset with an indefinite useful life is impaired. As of December 31, 2024, the Group had not identified any triggers impacting the carrying value of the goodwill and intangible assets with indefinite useful lives.

14. Receivables and other assets

Receivables and other assets

Table 14

in USD millions, as of December 31	2024	2023
Financial assets		
Group derivative assets	885	947
Reverse repurchase agreements	2,662	1,716
Amounts due from investment brokers[1]	469	840
Other receivables	2,035	1,998
Accrued investment income	1,267	1,031
Assets for defined benefit plans[2]	382	384
Other financial assets	431	372
Non-financial assets		
Current income tax receivables	937	1,050
Prepaid expenses	831	886
Other non-financial assets[3]	1,819	1,169
Total receivables and other assets	**11,717**	**10,391**

1 Includes cash variation margin payments related to derivatives which are centrally cleared, USD 0 million and USD 2 million as of December 31, 2024 and 2023, respectively (see note 6).
2 Please see note 19.
3 In 2024, the increase in other non-financial assets is mainly related to the acquisition of the AIG Travel business (see note 4).

15. Other liabilities

Other liabilities

Table 15.1

in USD millions, as of December 31	2024	2023
Other financial liabilities		
Group derivative liabilities	840	1,252
Amounts due to investment brokers[1]	999	950
Bank deposits	1,533	1,367
Liabilities for defined benefit plans[2]	1,043	1,499
Other liabilities for employee benefit plans	150	143
Lease liabilities	1,537	1,668
Other accrued liabilities	1,258	1,264
Other financial liabilities	5,665	5,692
Other non-financial liabilities		
Current income tax payables	1,232	1,027
Provisions[3]	692	711
Other non-financial liabilities	1,074	1,088
Total other liabilities	**16,022**	**16,661**

1 Includes cash variation margin payments related to derivatives which are centrally cleared, USD 0 million and USD 1 million as of December 31, 2024 and 2023, respectively (see note 6).
2 Please see note 19.
3 Include restructuring provisions, litigation and regulatory provisions and other provisions (see table 15.4 for further details).

Table 15.2 shows the maturity schedule of other financial liabilities, excluding liabilities for defined benefit plans and lease liabilities, as of December 31, 2024 and 2023. The allocation to the time bands is based on the expected maturity date for the carrying value and the earliest contractual maturity for the undiscounted cash flows.

Maturity analysis – other financial liabilities

Table 15.2

in USD millions, as of December 31	2024		2023	
	Carrying value	Undiscounted cash flows	Carrying value	Undiscounted cash flows
< 1 year	10,221	10,232	10,303	10,324
1 to 2 years	13	13	129	148
2 to 3 years	27	27	38	38
3 to 4 years	3	3	3	3
4 to 5 years	23	26	4	4
> 5 years	157	284	190	341
Total	**10,444**	**10,585**	**10,669**	**10,858**

Maturity analysis – lease liabilities

Table 15.3

in USD millions, as of December 31	2024		2023	
	Carrying value	Undiscounted cash flows	Carrying value	Undiscounted cash flows
< 1 year	194	231	203	234
1 to 2 years	178	208	190	223
2 to 3 years	156	185	165	194
3 to 4 years	134	159	143	168
4 to 5 years	117	140	119	140
> 5 years	758	897	847	1,000
Total	**1,537**	**1,820**	**1,668**	**1,960**

Provisions

Table 15.4

in USD millions	Restructuring provisions		Litigation and regulatory provisions[1]		Other provisions		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
As of January 1	194	115	102	198	415	443	711	755
Provisions made during the period	45	128	79	72	159	316	283	516
Increase of provisions set up in prior years	87	96	19	3	23	19	129	118
Provisions used during the period	(143)	(131)	(30)	(163)	(145)	(249)	(318)	(543)
Provisions reversed during the period	(21)	(18)	(5)	(10)	(79)	(66)	(105)	(94)
Foreign currency translation effects	(5)	4	(12)	1	(38)	16	(55)	22
Net changes due to acquisitions/divestments	–	–	2	1	60	(60)	62	(59)
Other changes	–	–	–	–	(16)	(4)	(16)	(4)
As of December 31	**157**	**194**	**157**	**102**	**378**	**415**	**692**	**711**

1 Please see note 21 for further information on legal, compliance and regulatory developments.

16. Income taxes

Table 16.1

Income tax expense – current/deferred split

in USD millions, for the years ended December 31	2024	2023
Current	1,983	1,949
Deferred	278	(209)
Total income tax expense/(benefit)	**2,261**	**1,741**

Table 16.2

Expected and actual income tax expense

in USD millions, for the years ended December 31	Rate	2024	Rate	2023
Net income before income taxes		8,465		6,458
less: income tax (expense)/benefit attributable to policyholders		(179)		(172)
Net income before income taxes attributable to shareholders		8,286		6,286
Expected income tax expense attributable to shareholders computed at the Swiss statutory tax rate	20.0%	1,657	20.0%	1,257
Increase/(reduction) in taxes resulting from:				
Tax rate differential in foreign jurisdictions		*268*		*207*
Tax exempt and lower taxed income		*(173)*		*(259)*
Non-recoverable withholding taxes		*219*		*247*
Non-deductible expenses		*187*		*171*
Tax losses not recognized		*(98)*		*(243)*
Prior year adjustments and other		*21*		*188*
Actual income tax expense attributable to shareholders	**25.1%**	**2,082**	**25.0%**	**1,568**
plus: income tax expense/(benefit) attributable to policyholders		179		172
Actual income tax expense	26.7%	2,261	27.0%	1,741

Table 16.2 sets out the factors that cause the actual income tax expense to differ from the expected expense computed by applying the Swiss statutory tax rate of 20.0 percent, which is the rate applicable in the jurisdiction where the ultimate parent company is resident.

The Group is required to record taxes on policyholder earnings for life insurance policyholders in certain jurisdictions. Accordingly, the income tax expense or benefit attributable to these life insurance policyholder earnings is included in income tax expense. The income tax specifically chargeable to the policyholders under the terms of the insurance contracts is included in insurance contract liabilities and recognized as insurance revenue.

Taxes paid by certain of the Group's life insurance businesses are based on the investment result, and it is normal practice for certain of the Group's businesses to recover from policyholders the taxes attributable to their share of the investment result. While the relevant insurance businesses have the contractual right to charge policyholders for the taxes attributable to their share of the investment result, the obligation to pay the tax authority rests with the company and therefore the full amount of tax, including the portion attributable to policyholders, is accounted for as income tax. Income tax expense, therefore, includes an element attributable to policyholders.

The Group has adopted the amendments to IAS 12 'Income Taxes' for the financial year beginning January 1, 2023, and has applied the exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar II minimum income taxes proposed by the Organization for Economic Co-operation and Development (OECD) Framework on Base Erosion and Profit Shifting (BEPS).

The model rules and other documents issued by the OECD on the Pillar II of BEPS (BEPS-Pillar II) aim to ensure that large multinational groups pay a minimum amount of tax on income in each jurisdiction they operate. The minimum effective tax of 15 percent is based on a pre-defined tax basis (GloBE income) and the so-called covered tax, using IFRS Accounting Standards as a starting point with defined adjustments to achieve a uniform basis to derive the effective tax rate.

BEPS-Pillar II legislations have been enacted or are in the process of being enacted by the various jurisdictions in which the Group operates. Switzerland, the jurisdiction in which Zurich Insurance Group Ltd as the ultimate parent entity of the Group is incorporated, has implemented the Qualified Domestic Minimum Top-up Tax (QDMTT), but not yet the Income Inclusion Rule (IIR). As a result, the Group's current income tax expense considers the impact of BEPS-Pillar II top-up taxes for the QDMTTs in the various implementing countries as well as the impacts related to IIRs implemented at the level of intermediate holding companies with ownerships in jurisdictions where a QDMTT has not been enacted in 2024.

As of December 31, 2024, the amount of top-up tax included in the current income tax expense in the Group's consolidated financial statement arising in jurisdictions in which local legislations have enacted the QDMTT or are subject to IIR was not material to the Group. The Group expects, based on its analysis to date, that the Group's exposure to Pillar II income taxes will not have a material adverse impact on the Group's financial position or performance. The Group will continue to monitor the BEPS-Pillar II legislative developments for the jurisdictions in which the Group operates.

Deferred tax assets/(liabilities) analysis by source

Table 16.3

in USD millions, as of December 31	2024		2023	
	Deferred tax assets	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Depreciable and amortizable assets	507	(1,591)	525	(1,746)
Deferred acquisition and origination costs	387	(73)	149	(995)
Unrealized (gains)/losses on financial assets held at fair value through comprehensive income and cash flow hedges	1,870	(765)	1,566	(747)
Insurance and reinsurance contract assets and liabilities	11,738	(11,625)	12,175	(11,083)
of which: relating to PAA	2,734	(1,816)	2,723	(1,971)
of which: relating to other than PAA	9,004	(9,809)	9,452	(9,112)
Pension liabilities	1,257	(990)	1,354	(971)
Tax loss carryforward	926	–	1,380	–
Other assets and liabilities[1]	7,453	(9,485)	6,383	(8,114)
Total deferred taxes	**24,138**	**(24,529)**	**23,533**	**(23,657)**
Valuation allowance	(352)	–	(476)	–
Effect of netting	(22,083)	22,083	(21,357)	21,357
Net deferred taxes	**1,703**	**(2,446)**	**1,700**	**(2,300)**

1 Other assets and liabilities include temporary differences related to for fair value adjustments on investments recognized through profit or loss, leases, accruals and prepayments.

The Group's deferred tax assets and liabilities are recorded by its tax-paying entities throughout the world, which may include several legal entities within each tax jurisdiction. Legal entities are grouped as a single taxpayer only when permitted by local legislation and when deemed appropriate.

As of December 31, 2024 and 2023, the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognized amount to approximately USD 13 billion and USD 12 billion, respectively. In the remote likelihood that these temporary differences were to reverse simultaneously, the resulting tax liabilities would be very limited due to participation exemption rules.

Development of net deferred tax liabilities

Table 16.4

in USD millions	**2024**	2023
As of January 1	(593)	(432)
Net change recognized in the income statement	(278)	209
Net change recognized in equity	139	(348)
Net changes due to acquisitions/(divestments)	(32)	3
Foreign currency translation effects	22	(32)
As of December 31	**(743)**	**(600)**
attributable to policyholders	(79)	41
attributable to shareholders	(664)	(641)

The net deferred tax liabilities related to non-controlling interests amounted to USD 74 million and USD 67 million as of December 31, 2024 and 2023, respectively. Please note the prior year figure has been updated from previously stated amounts of USD 7 million.

Development of deferred income taxes included in equity

Table 16.5

in USD millions	2024	2023
As of January 1	(400)	(793)
Net unrealized gains/(losses) on financial assets	(329)	1,138
Cash flow hedges	4	(3)
Equity accounted investments	–	(1)
Revaluation reserve	1	24
Net actuarial gains/(losses) on pension plans	95	(120)
Change in discount rate for insurance/reinsurance contracts	17	(308)
Change in fair value of underlying items through OCI	104	(335)
Foreign currency translation effects	(19)	(1)
As of December 31	**(527)**	**(400)**

Tax loss carryforwards and tax credits

Table 16.6

in USD millions, as of December 31	2024	2023
For which deferred tax assets have been recognized, expiring		
< 5 years	143	116
5 to 20 years	30	103
> 20 years or with no time limitation	2,371	3,637
Subtotal	2,544	3,856
For which deferred tax assets have not been recognized, expiring		
< 5 years	229	155
5 to 20 years	163	264
> 20 years or with no time limitation	1,066	1,514
Subtotal	1,458	1,933
Total	**4,002**	**5,789**

The tax rates applicable to tax losses for which a deferred tax asset has not been recognized are 21.1 percent and 22.2 percent as of December 31, 2024 and 2023, respectively.

The recoverability of the deferred tax asset for each taxpayer is based on the taxpayer's ability to utilize the deferred tax asset. This analysis considers the projected taxable income to be generated by the taxpayer, as well as its ability to offset the deferred tax asset against deferred tax liabilities.

Management assesses the recoverability of the deferred tax asset carrying values based on future years' taxable income projections and believes the carrying values of the deferred tax assets as of December 31, 2024 to be recoverable.

17. Senior and subordinated debt

Senior and subordinated debt

Table 17.1

in USD millions, as of December 31		2024	2023
Senior debt			
Zurich Insurance Company Ltd	1.750% EUR 500 million notes, due September 2024[1,2]	–	555
	0.500% CHF 350 million notes, due December 2024[1]	–	416
	1.500% CHF 150 million notes, due July 2026[1]	171	187
	0.750% CHF 200 million notes, due October 2027[1]	221	237
	1.000% CHF 200 million notes, due October 2028[1]	221	238
	1.500% EUR 500 million notes, due December 2028[1,2]	516	550
	1.125% CHF 400 million notes, due July 2029[1]	442	476
	0.000% CHF 200 million notes, due August 2031[1]	220	237
	0.100% CHF 250 million notes, due August 2032[1]	276	297
Zurich Holding Comp. of America Inc	2.300% USD 400 million notes, due February 2030[1]	400	400
Zurich Finance (Australia) Limited	4.770% AUD 200 million loan, due July 2027	128	143
	5.324% AUD 200 million notes, due September 2029[1]	124	136
	4.500% AUD 375 million notes, due July 2038[1]	244	270
Zurich Finance (Ireland) DAC	2.250% USD 400 million notes, due December 2031[1,2]	371	200
	1.625% EUR 500 million notes, due June 2039[1,2]	516	551
	Euro Commercial Paper Notes, due in less than 12 months	170	297
Senior debt		4,020	5,190
Subordinated debt			
Zurich Insurance Company Ltd	4.250% USD 300 million notes, due October 2045, first callable October 2025[1,2]	300	300
	5.625% USD 1 billion notes, due June 2046, first callable June 2026[1,2]	999	999
	3.500% EUR 750 million notes, due October 2046, first callable October 2026[1,2]	762	805
	5.125% USD 500 million notes, due June 2048, first callable June 2028[1,2]	499	499
	4.875% USD 500 million notes, due October 2048, first callable October 2028[1,2]	499	499
	2.750% EUR 500 million notes, due February 2049, first callable February 2029[1,2]	515	549
	1.500% CHF 300 million notes, due May 2052, first callable May 2032[1]	330	355
Zurich Finance (Ireland) DAC	1.875% EUR 750 million notes, due September 2050, first callable June 2030[1,2]	774	826
	3.000% USD 1.75 billion notes, due April 2051, first callable January 2031[1,2]	1,747	1,747
	3.500% USD 500 million notes, due May 2052, first callable February 2032[1,2]	499	499
	5.125% GBP 1 billion notes, due November 2052, first callable August 2032[1,2]	1,240	1,261
	1.600% EUR 200 million notes, due December 2052, first callable September 2032[1,2]	207	221
Zurich Finance (Ireland) II DAC	5.500% USD 500 million notes, due April 2055, first callable October 2034[1,2]	499	–
Subordinated debt		8,871	8,559
Total senior and subordinated debt		**12,891**	**13,749**

1 Issued under the Group's Euro Medium Term Note Programme (EMTN Programme).
2 These bonds are part of a qualifying net investment hedge to hedge the foreign currency exposure.

None of the debt instruments listed in table 17.1 were in default as of December 31, 2024 or December 31, 2023.

To facilitate the issuance of debt, the Group has a Euro Medium Term Note Programme (EMTN Programme) in place allowing for the issuance of senior and subordinated notes up to a maximum of USD 18 billion. All issuances under this program are either issued or guaranteed by Zurich Insurance Company Ltd. The Group has also issued debt instruments outside this program.

Debt issued is recognized initially at fair value of the consideration received, net of transaction costs incurred, and is subsequently carried at amortized cost using the effective interest rate method.

Maturity analysis of outstanding debt

Table 17.2

in USD millions, as of December 31	2024		2023	
	Carrying value	**Undiscounted cash flows**	Carrying value	Undiscounted cash flows
< 1 year	470	872	1,268	1,672
1 to 2 years	1,932	2,315	300	692
2 to 3 years	349	664	1,991	2,358
3 to 4 years	1,735	2,046	380	672
4 to 5 years	1,081	1,330	1,786	2,073
5 to 10 years	6,065	6,718	7,203	7,902
> 10 years	1,259	1,359	821	917
Total	**12,891**	**15,304**	**13,749**	**16,287**

Debt maturities reflect original contractual dates, taking early redemption options into account. For call/redemption dates, see table 17.1. The total notional amount of debt due in each period is not materially different from the total carrying value disclosed in table 17.2. Undiscounted cash flows include interest and principal cash flows on debt outstanding as of December 31, 2024 and 2023. Floating interest rates are assumed to remain constant as of December 31, 2024 and 2023. The aggregated cash flows are translated into U.S. dollars at end-of-period rates.

Development of debt arising from financing activities

Table 17.3

in USD millions	Total	
	2024	2023
As of January 1	13,749	13,979
Issuance of debt recognized in cash flows	728	544
Repayment of debt recognized in cash flows	(1,117)	(1,196)
Other changes	7	8
Foreign currency translation effects	(476)	414
As of December 31	**12,891**	**13,749**

18. Shareholders' equity, dividends and earnings per share

Share capital

Table 18.1

	Share capital in CHF	Number of shares	Par value in CHF
Issued share capital			
As of December 31, 2022	15,046,017	150,460,167	0.10
New shares issued from contingent capital in 2023	–	–	
Share capital reduction as of August 7, 2023 (see section f)	(410,441)	(4,104,413)	0.10
As of December 31, 2023	14,635,575	146,355,754	0.10
New shares issued from contingent capital in 2024	–	–	
As of December 31, 2024	**14,635,575**	**146,355,754**	**0.10**
Capital band, contingent and issued share capital			
As of December 31, 2023	21,908,979	219,089,794	0.10
As of December 31, 2024	21,908,979	219,089,794	0.10

The following information related to the capital band and the contingent share capital is specified in articles 5bis and 5ter of the Articles of Association of Zurich Insurance Group Ltd (ZIG).

a) Capital band

On April 6, 2023, the Annual General Meeting (AGM) of ZIG approved a capital band as replacement of the authorized share capital (Art. 5bis of the Articles of Association).

Until and including April 6, 2028, the Board of Directors (Board) of ZIG is authorized to conduct one or more increases and/or reductions of the share capital within the upper limit of CHF 18,917,751.50, corresponding to 189,177,515 registered shares with a nominal value of CHF 0.10 each, and the lower limit of CHF 13,541,415.00, corresponding to 135,414,150 registered shares with a nominal value of CHF 0.10 each. In the case of a capital increase, the Board would determine the number of shares, the date of issue of any such new shares, the issue price, type of contributions (including cash contributions, contributions in kind, set-off and conversion of freely usable reserves, including retained earnings, into share capital), the conditions of exercising subscription rights and the beginning of the dividend entitlement.

The Board may issue such new shares by means of a firm underwriting by a financial institution, a syndicate of financial institutions or another third-party and with a subsequent offer of those shares to the current shareholders. The Board is authorized to restrict or to prohibit trading in the subscription rights to the new shares and may allow the expiration of subscription rights which have not been exercised, or it may place these rights as well as shares, the subscription rights of which have not been exercised, at market conditions, or use them otherwise in the interest of ZIG.

The Board is further authorized to restrict or exclude the subscription rights and to allocate them to individual shareholders, third parties, ZIG or one of its group companies for one or more increases, up to a maximum of 14,600,000 shares, if the shares are to be used:

- for the takeover of an enterprise, or parts of an enterprise or of participations or for investments by ZIG or one of its group companies, or for the financing including refinancing of such transactions;
- for the purpose of expanding the scope of shareholders in connection with the listing of shares on foreign stock exchanges or issuance of shares on the national or international capital markets (including private placements to one or more selected investors);
- for the conversion of loans, bonds, similar debt instruments, equity-linked instruments or other financial market instruments (collectively, the 'Financial Instruments') issued by ZIG or one of its group companies; or
- for the improvement of the regulatory and/or rating capital position of ZIG or one of its group companies in a fast and expeditious manner.

In case of a capital reduction, the Board shall, to the extent necessary, determine the number of shares to be canceled and the use of the reduction amount. The acquisition and holding of shares repurchased for purposes of cancellation under the capital band are not subject to the 10 percent threshold for treasury shares within the meaning of art. 659 para. 2 of the Swiss Code of Obligations.

The Board is further authorized to carry out a capital increase by increase of the nominal value or a capital reduction by reduction of the nominal value within the capital band or to carry out a simultaneous reduction and re-increase. In the case of an increase or reduction of the nominal value, the Board shall determine the new nominal value of the shares and shall adapt all provisions of the Articles of Association relating to the nominal value of a share as well as the number of shares with a new nominal value corresponding to the fixed upper and lower limit of the capital band pursuant to art. 5bis para. 1 of the Articles of Association, accordingly.

Up to April 6, 2028, the total of new shares issued from (i) the capital band where the subscription rights were restricted or excluded, and (ii) the contingent share capital in connection with Financial Instruments where the advance subscription rights were restricted or excluded, may not exceed 14,600,000 new shares.

b) Contingent share capital

Financial Instruments

Since the replacement of the authorized share capital with the capital band (see a) above) on April 6, 2023, the validity of the combined dilution limitations for the capital band and the contingent share capital pursuant to art. 5ter para. 1 of the Articles of Association is April 6, 2028, and the total of new shares issued from the capital band where the subscription rights were restricted or excluded, and the contingent share capital pursuant to art. 5ter para. 1 of the Articles of Association where the advance subscription rights were restricted or excluded, may not exceed 14,600,000 new shares.

The share capital of ZIG may be increased by an amount not exceeding CHF 2,992,160 by issuing up to 29,921,600 fully paid-in registered shares with a nominal value of CHF 0.10 each by the voluntary or mandatory exercise of conversion and/or option rights which are granted in connection with the issuance of Financial Instruments by ZIG or one of its group companies or by mandatory conversion of Financial Instruments issued by ZIG or one of its group companies, that allow for contingent mandatory conversion into shares of ZIG, or by exercising option rights which are granted to the shareholders. The subscription rights are excluded. The then-current owners of the Financial Instruments shall be entitled to subscribe for the new shares. The conversion and/or option conditions are to be determined by the Board.

The Board is authorized, when issuing Financial Instruments, to restrict or exclude the advance subscription rights in cases where they are issued:

- for the financing including refinancing of a take-over of an enterprise, of parts of an enterprise, or of participations or of investments by ZIG or one of its group companies;
- on national or international capital markets (including private placements to one or more selected investors); or
- for the improvement of the regulatory and/or rating capital position of ZIG or one of its group companies in a fast and expeditious manner.

If the advance subscription rights are restricted or excluded by a resolution of the Board, the following applies: the Financial Instruments are to be issued at prevailing market conditions (including standard dilution protection clauses in accordance with market practice) and the setting of the conversion or issue price of the new shares must take due account of the stock market price of the shares and/or comparable instruments priced by the market at the time of issue or time of conversion.

The conversion rights may be exercisable during a maximum of ten years and option rights during a maximum of seven years from the time of the respective issue; contingent conversion features may remain in place indefinitely.

Up to April 6, 2028, the total of new shares issued from (i) the capital band where the subscription rights were restricted or excluded, and (ii) the contingent share capital in connection with Financial Instruments where the advance subscription rights were restricted or excluded, may not exceed 14,600,000 new shares.

Employee participation

During 2024 and 2023, no shares were issued to Group employees out of the contingent share capital. As of December 31, 2024, and as of December 31, 2023, the remaining contingent share capital available for issuance to Group employees amounted to CHF 409,509.20 and 4,095,092 fully paid-in registered shares with a nominal value of CHF 0.10 each, respectively. Subscription rights, as well as advance subscription rights of the shareholders, are excluded. The issuance of new shares or respective option rights to employees is subject to one or more regulations to be issued by the Board and takes into account performance, functions, levels of responsibility and criteria of profitability. New shares or option rights may be issued to employees at a price lower than that quoted on the stock exchange.

c) Additional paid-in capital

This reserve is not ordinarily available for distribution. However, as of January 1, 2011, a Swiss tax regulation based on the Swiss Corporate Tax Reform II became effective, allowing for payments free of Swiss withholding tax to shareholders out of the capital contribution reserve, created out of additional paid-in capital. Therefore, amounts qualifying under this regulation can be paid out of additional paid-in capital. As of December 31, 2024, there were no amounts qualifying under the general capital contribution reserve.

d) Treasury shares

Table 18.2

Treasury shares

number of shares, as of December 31	2024	2023	2022
Treasury shares	1,848,834	2,365,577	2,097,833
Treasury shares (repurchased under public share buyback programs, see f)	2,221,529	–	829,830
Total treasury shares	**4,070,363**	**2,365,577**	**2,927,663**

Treasury shares comprise shares acquired in the market as well as shares repurchased via the public share buyback programs for cancellation purposes (see f) below).

e) Dividends

The dividend of CHF 26 per share was paid out of the available earnings on April 16, 2024, as approved at the AGM on April 10, 2024. The difference between the respective amounts of the dividend at transaction day exchange rates amounting to USD 4.2 billion and at historical exchange rates are reflected in the cumulative foreign currency translation adjustment.

The dividend of CHF 24 per share was paid out of the available earnings on April 14, 2023, as approved at the AGM on April 6, 2023. The difference between the respective amounts of the dividend at transaction day exchange rates amounting to USD 3.9 billion and at historical exchange rates are reflected in the cumulative foreign currency translation adjustment.

f) Share buyback program

On October 30, 2024, ZIG completed the public share buyback program of up to CHF 1.1 billion, which was launched on June 17, 2024. Until completion of the program, ZIG repurchased on a second trading line on the SIX Swiss Exchange a total of 2,221,529 ZIG shares, having a total purchase value of CHF 1.1 billion. The repurchased shares shall be canceled using the capital band (Art. 5bis of the Articles of Association).

On June 7, 2023, ZIG completed the public share buyback program of up to CHF 1.8 billion, which was launched on November 21, 2022. Until completion of the program, ZIG repurchased on a second trading line on the SIX Swiss Exchange a total of 4,104,413 ZIG shares, having a total purchase value of CHF 1.8 billion. The repurchased shares were canceled using the capital band (Art. 5bis of the Articles of Association). The new share capital of CHF 14,635,575.40 and the new number of shares of 146,355,754 shares were registered in the commercial register of the Canton of Zurich on August 7, 2023.

g) Earnings per share

Table 18.3

Earnings per share

for the years ended December 31	Net income attributable to common shareholders (in USD millions)	Weighted average number of shares	Per share (USD)	Per share (CHF)[1]
2024				
Basic earnings per share	**5,814**	**143,622,281**	**40.48**	**35.62**
Effect of potentially dilutive shares related to share-based compensation plans		1,178,846	(0.33)	(0.29)
Diluted earnings per share	**5,814**	**144,801,127**	**40.15**	**35.33**
2023				
Basic earnings per share	**4,351**	**145,253,573**	**29.96**	**26.91**
Effect of potentially dilutive shares related to share-based compensation plans		1,100,905	(0.23)	(0.20)
Diluted earnings per share	**4,351**	**146,354,478**	**29.73**	**26.71**

1 The translation from U.S dollars to Swiss francs is shown for information purposes only and has been calculated at the Group's average exchange rates for the years ended December 31, 2024 and 2023.

Basic earnings per share is computed by dividing net income attributable to shareholders by the weighted average number of shares outstanding for the year, excluding the weighted average number of shares held as treasury shares. Diluted earnings per share reflects the effect of potentially dilutive shares.

19. Employee benefits

The Group operates a number of retirement benefit arrangements for employees. Historically, the majority of employees belonged to defined benefit pension plans and some will still have past service benefits accrued in those plans.

However, the majority of employees now accrue benefits under defined contribution plans, which provide benefits equal to the amounts contributed by both the employer and the employee plus investment returns.

Certain of the Group's operating companies also provide post-employment benefit plans covering medical care and life insurance, mainly in the U.S. Eligibility for these plans is generally based on completion of a specified period of eligible service and reaching a specified age. The plans typically pay a stated percentage of medical expenses subject to deductibles and other factors. The cost of post-employment benefits is accrued during the employees' service periods.

The Group Pensions Committee is responsible for developing, reviewing and advising on the Group governance framework in matters related to pension and post-employment benefit arrangements. It provides oversight and guidance in the areas of market, demographic and reputational risk. It reports to and makes recommendations to the Group Balance Sheet Committee on material pension-related matters and reports regularly to the Remuneration Committee. The Group Pensions Committee provides a point of focus and coordination on the topic of pensions and post-retirement benefits at Group level for the supervision and exercise of company powers and obligations in relation to pension and post-retirement benefit plans.

Funding and asset allocation is subject to local legal and regulatory requirements.

a) Defined contribution pension plans

Certain companies of the Group sponsor defined contribution pension plans. Eligibility for participation in such plans is either immediate on commencement of employment or based on completion of a specified period of continuous service. The plans provide for voluntary contributions by employees and contributions by the employer which typically range from 2 percent to 13 percent of annual pensionable salary, depending on a number of factors. The Group's contributions under these plans amounted to USD 300 million and USD 297 million for the years ended December 31, 2024 and 2023, respectively.

b) Defined benefit pension plans

The largest defined benefit obligations are in the pension plans in Switzerland, the UK, the U.S. and Germany, which together comprise over 90 percent of the Group's total defined benefit obligation. The remaining plans in other countries are not individually significant; therefore, no separate disclosure is provided.

Certain Group companies sponsor defined benefit pension plans, some of which provide benefits on retirement, death or disability depending on the employees' service periods and pensionable earnings. Others provide cash balance plans where the participants receive the benefit of the accumulated employer and employee contributions (where paid) together with additional cash credits in line with the rules of the plan.

Most of the Group's defined benefit pension plans are funded through contributions by the Group and, in some cases also by employees, to investment vehicles managed by trusts or foundations independent of the Group's finances, or by management committees with fiduciary responsibilities. Where a trust or foundation exists, it is required by law or by articles of association to act in the interests of the fund and of all relevant beneficiaries to the plan, which can also include the sponsoring company, and is responsible for the investment policy with regard to the assets of the fund. The trust/foundation board or committee is usually composed of representatives from both employers and plan members. Independent actuarial valuations for the plans are performed as required. It is the Group's general principle that plans are appropriately funded in accordance with local pension regulations in each country.

The pension plans typically expose the company to risks such as interest rate, price inflation, longevity risk, and risk of future salary increases. To the extent that pension plans are funded, the assets held mitigate some of the liability risk but introduce some investment risk.

The overall investment policy and strategy for the Group's defined benefit pension plans is to achieve an investment return which, together with contributions, targets having sufficient assets to pay pension benefits as they fall due while also mitigating the various risks in the plans. The actual asset allocation is determined by reference to current and expected economic and market conditions and in consideration of specific asset class risk in the risk profile. The Group has a governance framework to ensure the trust/foundation board or committee considers how the asset investment strategy correlates with the maturity profile of the plan liabilities and the potential impact on the funding status of the plans, including short-term liquidity requirements. The investment strategies for each pension plan are independently determined by the governance body in each country, with oversight by the Group Pensions Committee. The pension assets are invested in diversified portfolios across geographical regions and asset classes to ensure diversified returns, also taking into account local pension laws. The investment strategies aim to mitigate asset-liability mismatches in the long run. In recent years, the integration of environmental, social and governance (ESG) factors has become a significant element of Zurich's pension plans' investment decision making. Pension plans will continue progressing on their responsible investment journey, leveraging Zurich's expertise and leadership while being cognizant of their fiduciary responsibility.

For post-employment defined benefit plans, total contributions to funded plans and benefits paid directly by the Group were USD 281 million for 2024 compared with USD 302 million for 2023. The estimated total for 2025 is USD 330 million (actual amount may differ).

Swiss pension plan

The main plan provides benefits that exceed the minimum benefit requirements under Swiss pension law. It provides a lifetime pension to members based on their accrued retirement savings in the basic account and the additional basic account multiplied by the applicable conversion rate at the normal retirement age of 65 (age 62 for Executive Staff). Participants can draw retirement benefits early from age 60 (age 58 for Executive Staff). Alternatively, the benefit can be taken as a lump sum payment at retirement or as a mixture of lifetime pension and lump sum payment. In addition, at retirement, the plan pays a one-off cash sum settlement equal to the accrued retirement savings in the capital account and the additional capital account. Contributions to the plan are paid by the employees and the employer, both for retirement savings and to finance risk benefits paid out in the event of death and disability. The accumulated balance on the pension account is based on the employee and employer savings contributions, interest accrued, vested benefits transferred to the pension plan and voluntary contributions paid by the employee. The interest rate credited is defined annually by the plan's Board of Trustees, which is responsible for the governance of the plan. The trustees regularly review the Pension Plan's funding status as well as the technical interest rate and the conversion rates.

As announced in 2023, the conversion rate of the basic account and the additional basic account will be gradually reduced over a period of two years, starting from January 1, 2025 from 5.00 percent to 4.70 percent at age 65. To partially compensate for this reduction, top-up payments from the company will be paid to the retirement accounts of members affected by the changes. As of January 1, 2025, the capital account will be replaced by the new bonus account. The conversion rate of the bonus account at age 65 will be 3.501 percent. If retirement is before or after age 65, the conversion rates are adjusted accordingly. In addition, from January 1, 2025, some plan design features will be changed to align the plan with market practice. The top-up payments will be made in five annual installments starting from January 1, 2025. The impact of these changes resulted in a one-off prior service credit of USD 29 million as a reduction in expenses in 2023, and an increase in ongoing expenses through the service cost (USD 15 million in 2023).

Although the Swiss plan operates like a defined contribution plan under local regulations, it is accounted for as a defined benefit pension plan under IAS 19 'Employee Benefits' because of the need to accrue a minimum level of interest on the mandatory part of the pension accounts and the payment of a lifetime pension at a fixed conversion rate under the plan rules.

Actuarial valuations are completed annually and if the plan becomes underfunded under local regulations, options for managing this include additional contributions from the Group and employees into the plan and/or reducing future benefits. At present, the plan is sufficiently funded, meaning that no additional contributions into the plans are expected to be required in the next year. The investment strategy of the Swiss plan is constrained by Swiss pension law, including regulations related to diversification of plan assets. Under IFRS Accounting Standards, volatility arises in the Swiss pension plan net assets as the fair value of the plan assets is not directly correlated to movements in the value of the plan's defined benefit obligation in the short-term.

If the fair value of plan assets exceeds the plan's defined benefit obligation, a surplus is only recognized on the balance sheet to the extent that it does not exceed the estimated future economic benefit. The value of the future economic benefit is estimated as the sum of two items: the difference between the present value of the estimated future net service cost and the present value of estimated employer minimum funding requirements, and employer contribution reserves in accordance with local Swiss regulations.

UK pension plan

The major UK pension plan is a hybrid arrangement and defined benefits entitlements accrued to December 31, 2015 increase in line with salary increases. Normal retirement age for the defined benefit sections is 60. The plan is split into distinct sections and the two defined benefit sections are closed to new entrants and, with effect from January 1, 2016, to future benefit accrual. All employees now participate in a defined contribution section within the same trust. The notes that follow consider only the defined benefit sections.

The UK Pension Trustee Board is responsible for the governance of the plan. The employer contributions are determined based on regular triennial actuarial valuations which are conducted using assumptions agreed by the Trustee Board and the sponsoring company. A local statutory valuation was carried out at an effective date of June 30, 2022 and was finalized in September 2023. This valuation disclosed a funding surplus of USD 172 million (GBP 135 million) after taking into account the value of the asset-backed funding arrangement established in 2014. The asset-backed funding arrangement does not qualify as a plan asset under IFRS Accounting Standards and is therefore not included in the tables set out in the rest of this note.

The ongoing funding of the plan is closely monitored by the Trustee Board and a dedicated funding committee is made up of representatives from the Trustee Board and the Group. The plan rules and UK pension legislation set out maximum levels of inflationary increases applied to plan benefits. The plan assets are invested in diversified classes of assets.

U.S. pension plans

There are two major pension plans in the U.S., the Zurich North America (ZNA) pension plan and the Farmers Group, Inc. (FGI) pension plan. Both plans are funded entirely by the participating employers. The ZNA plan is a cash balance plan and the FGI pension plan utilizes a cash balance pension formula for benefits accruing after January 1, 2009, except with respect to certain grandfathered participants who retained a final average pay formula. Under a cash balance pension formula, an amount is credited to the cash balance account each quarter, determined by an employee's age, service and their level of earnings up to and above the social security taxable wage base. The minimum annual interest credited on the account balance is 5 percent. The cash balance account is available from age 65, or age 55 with five years of service. The benefit can be taken as a monthly annuity or as a lump sum. Under the FGI plan, benefits can also be taken immediately if elected within 180 days of termination. Both the ZNA and FGI plans have fiduciaries as required under local pension laws. The fiduciaries are responsible for the governance of the plans. Actuarial valuations are completed regularly. The annual employer minimum required contributions are equal to expected expenses paid from the plan each year, plus a rolling amortization of any prior underfunding.

The ZNA and FGI plans have been frozen with effect from December 31, 2018. ZNA and FGI employees with a cash balance account will continue to earn interest credits on either their existing cash or account balance after the freeze date and will continue to earn eligibility service used to determine vesting and early retirement eligibility. FGI employees participating in the final average pay formula will continue to earn eligibility service used to determine vesting and the percentage of pension benefit payable for early retirement before normal retirement age of 65. ZNA and FGI employees earn only defined contribution retirement benefits with effect from January 1, 2019. In conjunction with the change in the pension plan, ZNA and FGI employees receive an additional company contribution within their defined contribution plan.

German pension plans

There are a number of legacy defined benefit plans in Germany, most of which were set up under works council agreements. Contributions to support the pension commitments are made to a contractual trust arrangement. A separate arrangement was also established in 2010 to provide for retirement obligations that were in payment at that time. Consideration is given from time to time based on the fiscal efficiency of adding recent retirees to this arrangement and to adding assets to the contractual trust. In 2024, the pension liabilities were funded at 88 percent; however, no additional funding was required.

The defined benefit plans provide benefits on either a final salary, career average salary or a cash balance basis. New entrants participate in a cash balance arrangement, which has the characteristics of a defined contribution arrangement, with a lump sum paid at retirement and a capital guarantee on members' balances, which mirrors the capital guarantee given in a conventional life insurance arrangement in Germany.

Tables 19.1a and 19.1b set out the reconciliation of the defined benefit obligation and plan assets for the Group's post-employment defined benefit plans.

Movement in defined benefit obligation and fair value of assets – current period

Table 19.1a

in USD millions	Defined benefit obligation	Fair value of assets	Asset ceiling	Net defined benefit asset/ (liability)
As of January 1, 2024	**(18,229)**	**18,299**	**(1,185)**	**(1,115)**
Net post-employment benefit (expense)/income:				
Current service cost	(163)	–	–	(163)
Interest (expense)/income	(668)	634	–	(34)
Settlements gains/(losses)	(1)	–	–	(2)
Past service (cost)/credit	(3)	–	–	(3)
Net post-employment benefit (expense)/income	**(836)**	**634**	**–**	**(202)**
Remeasurement effects included in other comprehensive income:				
Return on plan assets excluding interest income	–	(661)	–	(661)
Experience gains/(losses)	19	–	–	19
Actuarial gains/(losses) arising from changes in demographic assumptions	164	–	–	164
Actuarial gains/(losses) arising from changes in financial assumptions	817	–	–	817
Change in asset ceiling	–	–	118	118
Remeasurement effects included in other comprehensive income	**999**	**(661)**	**118**	**455**
Employer contributions	–	237	–	237
Employer contributions paid to meet benefits directly	43	–	–	43
Plan participants' contributions	(89)	89	–	–
Payments from the plan (including settlements)	916	(916)	–	–
(Acquisitions)/divestments and transfers	(2)	–	–	(2)
Foreign currency translation effects	626	(703)	–	(77)
As of December 31, 2024	**(16,572)**	**16,979**	**(1,067)**	**(661)**
of which: Assets for defined pension plans[1]				382
of which: Liabilities for defined pension plans[2]				(1,043)

1 Included within 'Receivables and other assets' (please see note 14).
2 Included within 'Other liabilities' (please see note 15).

Table 19.1b

Movement in defined benefit obligation and fair value of assets – prior period

in USD millions	Defined benefit obligation	Fair value of assets	Asset ceiling	Net defined benefit asset/ (liability)
As of January 1, 2023	**(16,125)**	**16,578**	**(1,240)**	**(788)**
Net post-employment benefit (expense)/income:				
Current service cost	(144)	–	–	(144)
Interest (expense)/income	(659)	653	–	(6)
Settlements gains/(losses)	(2)	–	–	(2)
Past service (cost)/credit	48	–	–	48
Net post-employment benefit (expense)/income	**(756)**	**653**	**–**	**(103)**
Remeasurement effects included in other comprehensive income:				
Return on plan assets excluding interest income	–	519	–	519
Experience gains/(losses)	(109)	–	–	(109)
Actuarial gains/(losses) arising from changes in demographic assumptions	(187)	–	–	(187)
Actuarial gains/(losses) arising from changes in financial assumptions	(881)	–	–	(881)
Change in asset ceiling	–	–	56	56
Remeasurement effects included in other comprehensive income	**(1,177)**	**519**	**56**	**(602)**
Employer contributions	–	265	–	265
Employer contributions paid to meet benefits directly	38	–	–	38
Plan participants' contributions	(85)	85	–	–
Payments from the plan (including settlements)	813	(813)	–	–
(Acquisitions)/divestments and transfers	–	–	–	–
Foreign currency translation effects	(937)	1,013	–	76
As of December 31, 2023	**(18,229)**	**18,299**	**(1,185)**	**(1,115)**
of which: Assets for defined pension plans[1]				384
of which: Liabilities for defined pension plans[2]				(1,499)

1 Included within 'Receivables and other assets' (please see note 14).
2 Included within 'Other liabilities' (please see note 15).

Net post-employment benefit (expense)/income is recognized in other employee benefits, which is included within administrative and other operating expense.

Post-employment benefits are long-term by nature. However, short-term variations between long-term actuarial assumptions and actual experience may be positive or negative, resulting in actuarial gains or losses, which are recognized in full in the period in which they occur and are included within other comprehensive income.

Table 19.2 provides a breakdown of plan assets by asset class.

Fair value of assets held in funded defined benefit pension plans

Table 19.2

in USD millions, as of December 31	2024				2023			
	Quoted in active markets	**Other**	**Total**	**% of Total**	Quoted in active markets	Other	Total	% of Total
Cash and cash equivalents	269	–	269	2%	380	–	380	2%
Equity securities	3,556	350	3,906	23%	3,581	319	3,900	21%
Debt securities	–	12,505	12,505	74%	–	13,608	13,608	74%
Investment property	–	1,818	1,818	11%	–	1,887	1,887	10%
Mortgage loans	–	355	355	2%	–	382	382	2%
Other net assets	–	(1,873)	(1,873)	(11%)	–	(1,857)	(1,857)	(10%)
Total	**3,825**	**13,154**	**16,979**	**100%**	**3,960**	**14,339**	**18,299**	**100%**

For the classification of pension assets, the Group follows the same principles as outlined in note 22 (Fair value measurement). Assets meeting the criteria of Level 1 are generally considered quoted in active markets, while assets meeting the criteria of Level 2 or Level 3 are generally considered in other assets.

Tables 19.3a and 19.3b provide a breakdown of the key information included in tables 19.1a and 19.1b for the main countries for the years ended December 31, 2024 and 2023, respectively.

Key information by main country – current period

Table 19.3a

in USD millions, as of December 31, 2024	**Switzerland**	**United Kingdom**	**United States**	**Germany**	**Other**	**Total**
Defined benefit obligation	(5,177)	(6,802)	(2,619)	(1,083)	(891)	(16,572)
Fair value of plan assets	6,202	6,490	2,368	980	939	16,979
Impact of asset ceiling	(971)	(96)	–	–	–	(1,067)
Net defined benefit asset/(liability)	**54**	**(408)**	**(251)**	**(103)**	**48**	**(661)**
of which: Assets for defined pension plans	64	–	127	50	140	382
of which: Liabilities for defined pension plans	(10)	(408)	(379)	(153)	(93)	(1,043)
Net post-employment benefit (expense)/income	(90)	(46)	(20)	(20)	(26)	(202)

Key information by main country – prior period

Table 19.3b

in USD millions, as of December 31, 2023	Switzerland	United Kingdom	United States	Germany	Other	Total
Defined benefit obligation	(5,195)	(8,016)	(2,825)	(1,194)	(999)	(18,229)
Fair value of plan assets	6,421	7,293	2,554	1,039	992	18,299
Impact of asset ceiling	(1,109)	(76)	–	–	(0)	(1,185)
Net defined benefit asset/(liability)	**116**	**(798)**	**(271)**	**(155)**	**(7)**	**(1,115)**
of which: Assets for defined pension plans	124	–	125	36	98	384
of which: Liabilities for defined pension plans	(8)	(798)	(396)	(191)	(105)	(1,499)
Net post-employment benefit (expense)/income	(34)	(30)	1	(18)	(22)	(103)

The Groups' post-employment defined benefit obligations and the Group's post-employment benefit expenses in the Group's major plans shown in table 19.3 are calculated by discounting using the full yield curve for each country. For the UK, where price inflation is required for projecting benefits in those calculations, this is done using the full break-even price inflation curve. The figures for discount rates and for UK price inflation in table 19.4 are single-equivalent rates for the defined benefit obligations (i.e., the single assumption that would produce the same defined benefit obligation as using the full curve); single-equivalent rates for other elements of the accounting results will differ slightly from the figures set out below.

Key financial assumptions used for major plans

Table 19.4

as of December 31	2024				2023			
	Switzerland	**United Kingdom**	**United States**	**Germany**	Switzerland	United Kingdom	United States	Germany
Discount rate	0.9%	5.5%	5.6%	3.4%	1.3%	4.5%	5.0%	3.2%
Inflation rate (CPI)[1]	1.1%	2.8%	2.4%	2.1%	1.2%	2.5%	2.4%	2.3%
Salary increase rate	1.1%	2.8%	4.9%	3.4%	1.2%	2.4%	4.9%	3.6%
Expected future pension increases	0.1%	2.8%	n/a	2.1%	0.1%	2.6%	n/a	2.3%
Interest crediting rate[2]	1.8%	n/a	5.1%	n/a	1.3%	n/a	5.4%	n/a

1 In the UK, part of the liability is linked to the inflation measure of the Retail Price Index (RPI). As RPI is expected to converge with CPI no earlier than in 2030, the RPI assumption for the UK was assumed to be 1.0 percent higher than CPI for durations up to and including 2029 and the same as CPI for 2030 onwards.
2 As of December 31, 2024 and 2023, the disclosed assumption for the U.S. is calculated as a weighted average of ZNA pension plans and the FGI pension plans.

Tables 19.5a and 19.5b set out the life expectancies used in the valuation of the Group's major plans. The mortality assumptions in each country have been based on mortality tables in accordance with typical practice in that country.

Mortality tables and life expectancies for major plans – current period

Table 19.5a

in years, as of December 31, 2024		**Life expectancy at age 65 for a male currently**		**Life expectancy at age 65 for a female currently**	
		aged 65	**aged 45**	**aged 65**	**aged 45**
Country	Mortality table for major plans				
Switzerland	BVG 2020 with generational projections according to CMI model adapted to Swiss mortality with a long-term trend rate of 1.25%	21.96	23.66	23.73	25.33
United Kingdom	Club Vita 2022 mortality curves with CMI_2023 projection with plan specific adjustments	21.96	22.41	24.11	25.63
United States	Pri-2012 with MP-2020 Generational projection and white collar adjustment	21.97	23.36	23.36	24.73
	Pri-2012 with MP-2021 Generational projection and white collar adjustment	22.10	23.48	23.52	24.89
Germany	Heubeck 2018G	20.90	23.62	24.27	26.47

Mortality tables and life expectancies for major plans – prior period

Table 19.5b

in years, as of December 31, 2023		Life expectancy at age 65 for a male currently		Life expectancy at age 65 for a female currently	
		aged 65	aged 45	aged 65	**aged 45**
Country	Mortality table for major plans				
Switzerland	BVG 2020 with generational projections according to CMI model adapted to Swiss mortality with a long-term trend rate of 1.25%	21.90	23.58	23.65	25.25
United Kingdom	Club Vita 2022 mortality curves with CMI_2021 projection with plan specific adjustments	22.44	22.96	24.50	26.05
	Pri-2012 with MP-2020 Generational projection and white collar adjustment	21.91	23.29	23.30	24.66
United States	Pri-2012 with MP-2021 Generational projection and white collar adjustment	22.03	23.41	23.46	24.82
Germany	Heubeck 2018G	20.76	23.49	24.15	26.36

Table 19.6 shows the expected benefits to be paid under the Group's major plans in the future. It should be noted that actual amounts may vary from expected amounts. Therefore, future benefit payments may differ from the amounts shown.

Maturity analysis of future benefit payments for major plans

Table 19.6

as of December 31	**2024**				2023			
	Switzerland	**United Kingdom**	**United States**	**Germany**	Switzerland	United Kingdom	United States	Germany
Duration of the defined benefit obligation (in years)	12.0	14.0	9.6	11.4	11.5	15.4	9.8	11.4
Maturity analysis of benefits expected to be paid (in USD millions):								
< 1 year	402	328	218	58	429	282	244	61
1 to 5 years	1,326	1,407	853	243	1,394	1,357	854	255
5 to 10 years	1,488	2,116	979	326	1,504	2,111	991	348

Table 19.7 sets out the sensitivity of the defined benefit obligation to changes in key actuarial assumptions.

Sensitivity analysis of significant actuarial assumptions

Table 19.7

in USD millions, as of December 31	**(Increase)/decrease in defined benefit obligation**	
	2024	2023
Discount rate +50 bps	958	1,105
Discount rate –50 bps	(1,048)	(1,240)
Salary increase rate +50 bps	(43)	(51)
Salary decrease rate –50 bps	41	49
Price inflation increase rate +50 bps	(608)	(705)
Price inflation decrease rate –50 bps	554	637
Cash balance interest credit rate +50 bps	(116)	(114)
Cash balance interest credit rate –50 bps	88	87
Mortality 10% increase in life expectancy	(977)	(1,355)
Mortality 10% decrease in life expectancy	1,033	1,202

The effect on the defined benefit obligation shown allows for an alternative value for each assumption while the other actuarial assumptions remain unchanged. While this table illustrates the overall impact on the defined benefit obligation of the changes shown, the significance of the impact and the range of reasonably possible alternative assumptions may differ between the different plans that comprise the overall defined benefit obligation. In particular, the plans differ in benefit design, currency and average term, meaning that different assumptions have different levels of significance for different plans. The sensitivity analysis is intended to illustrate the inherent uncertainty in the evaluation of the defined benefit obligation under market conditions at the measurement date. Its results cannot be extrapolated due to non-linear effects that changes in the key actuarial assumptions may have on the overall defined benefit obligation. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Group's view of expected future changes in the defined benefit obligation. Any management actions that may be taken to mitigate the inherent risks in the post-employment defined benefit plans are not reflected in this analysis.

20. Share-based compensation and cash incentive plans

The Group has adopted various share-based compensation and cash incentive plans to attract, retain and motivate employees. The plans are designed to reward employees for their contribution to the performance of the Group and to encourage employee share ownership. Share-based compensation plans include performance-based share plans and employee share purchase plans. Share-based compensation plans involve the delivery of Zurich Insurance Group Ltd shares.

a) Cash incentive plans

The Group's short-term incentive plan (STIP) is utilized across the Group and in many countries covers all employees in that country who are selected to participate in a short-term incentive plan. In addition, there may be other local short-term incentive plans in place. Awards are made in cash, based on the accomplishment of both organizational and individual performance objectives. The expense recognized for these cash incentive plans amounted to USD 758 million and USD 720 million for the years ended December 31, 2024 and 2023, respectively.

b) Share-based compensation plans for employees

The Group encourages employees to own shares of Zurich Insurance Group Ltd and has set up a framework based on the implementation of performance share programs. Actual plans are tailored to meet local market requirements.

The cost of share-based payments depends on various factors, including achievement of targets, and are subject to the discretion of the Remuneration Committee and the Board. Costs may therefore vary significantly from year to year. The net amounts of USD 288 million and USD 317 million for the years ended December 31, 2024 and 2023, respectively, reflect all aspects of share-based compensation, including adjustments made during the year.

The explanations below provide a more detailed overview of the main plans of the Group.

Employee share plans

Share incentive plans

The Group established various Employee Share Plans in selected locations with the goal of increasing employee investment in the Group. The plans allow participating employees to invest in Zurich shares under certain conditions (either via the market or through salary deductions or dividend reinvestment) during specific times during the year. Most of the plans include a maximum investment amount which caps the total investment per year by participant.

The Group Long-Term Incentive Plan (LTIP)

Participants in this plan are allocated a target number of performance share units (PSUs) as notional shares of Zurich Insurance Group Ltd each year. During the vesting period, PSUs are credited with dividend equivalent units (DEUs).

PSUs allocated in 2024 will vest in 2027. The actual level of vesting ranges between 0 percent and 200 percent of the overall target shares (PSUs allocated and DEUs that accrued during the vesting period), depending on the achievement of pre-defined performance criteria. The performance criteria are the Group's business operating profit after tax return on common shareholders' equity (average Core ROE), the position of its relative total shareholder return (TSR) measured against an international peer group of insurance companies, and the achievement of cash remittance targets, each with a 30 percent weight, as well as operational CO2 equivalent (CO2e) emissions with a 10 percent weight. The four pre-defined performance criteria are assessed independently over a period of three consecutive financial years starting in the year of allocation. For members of the Executive Committee, half of the shares that vest are subject to a further three-year sales restriction. As of December 31, 2024 and 2023 there were 1,288 and 1,281 participants in this plan, respectively.

Target shares allocated during the period

Table 20

for the years ended December 31	Number		Fair value at the allocation date (in CHF)[1]	
	2024	2023	**2024**	2023
Target shares allocated during the period	397,576	424,071	479.00	443.50

1 Fair value measured using the market price of the shares at the allocation date and volatility indicators.

21. Commitments and contingencies, legal proceedings and regulatory investigations

The Group has provided contractual commitments and financial guarantees to external parties, associates and joint ventures as well as partnerships. These arrangements include commitments under certain conditions to make liquidity advances to cover default principal and interest payments, make capital contributions or provide equity financing.

Quantifiable commitments and contingencies

Table 21

in USD millions as of December 31	2024	2023
Remaining commitments under investment agreements	951	832
Guarantees and letters of credit[1]	853	864
Undrawn loan commitments	6	1
Other commitments and contingent liabilities[2]	553	447

1 Guarantee features embedded in life insurance products are not included.
2 Includes USD 89 million and USD 94 million future cash outflows in 2024 and 2023, respectively, that the Group as a lessee is potentially exposed to which are not reflected in the measurement of lease liabilities in the balance sheet.

Commitments under investment agreements

The Group has committed to contribute capital to third parties that engage in making investments in direct private equity, private equity funds and real estate. Commitments may be called by the counterparty over the term of the investment (generally three to five years) and must be funded by the Group on a timely basis.

Guarantees and letters of credit

In 2024 and 2023, USD 595 million and USD 605 million related to guarantees in the aggregate amount of GBP 475 million which were provided to the directors of a wholly owned subsidiary in connection with the repatriation of capital. These guarantees have no expiry date.

The Group is not aware of any event of default that would require it to satisfy financial guarantees. Irrevocable letters of credit have been issued to secure certain reinsurance contracts.

The Group is active in numerous countries where insurance guarantee funds exist. The design of such funds varies from jurisdiction to jurisdiction. In some, funding is based on premiums written; in others, the Group may be called upon to contribute to such funds in case of a failure of another market participant. In addition, in some jurisdictions the amount of contribution may be limited to, for example, a percentage of the net underwriting reserve net of payments already made.

The Group carries certain contingencies in the ordinary course of business in connection with the sale of its companies and businesses. These are primarily in the form of indemnification obligations provided to the acquirer in a transaction in which a Group company is the seller. They vary in scope and duration by counterparty and generally are intended to shift the potential risk of certain unquantifiable and unknown loss contingencies from the acquirer to the seller.

Zurich Insurance Group Ltd has provided unlimited guarantees in support of entities belonging to the Zurich Capital Markets group of companies.

Other contingent liabilities

The Group has received notices from various tax authorities asserting deficiencies in taxes for various years. The Group is of the view that the ultimate outcome of these reviews will not materially affect the Group's consolidated financial position.

The Group has commitments to provide collateral on certain contracts in the event of a financial strength downgrading for Zurich Insurance Company Ltd from the current AA by Standard & Poor's. Should the rating by Standard & Poor's fall to A+, then the additional collateral based on information available amounts to nil as of December 31, 2024.

In common with other insurance companies, the Group is mindful of the trend toward enhanced consumer protection. There is significant uncertainty about the ultimate cost this trend might have on our business. The main areas of uncertainty concern court decisions as well as the volume of potential customer complaints related to sales activities and withdrawal rights, and their respective individual assessments.

Pledged assets

The majority of assets pledged to secure the Group's liabilities relate to debt securities pledged under short-term sale and repurchase agreements. The total amount of pledged financial assets including the securities under short-term sale and repurchase agreements amounted to USD 2 billion and USD 1.8 billion as of December 31, 2024 and 2023, respectively.

Terms and conditions associated with the financial assets pledged to secure the Group's liabilities are usual and standard in the markets in which the underlying agreements were executed.

Legal, compliance and regulatory developments

The Group's business is subject to extensive supervision, and the Group is in regular contact with various regulatory authorities. The Group is also involved in legal and arbitration proceedings and regulatory investigations arising, for the most part, in the ordinary course of its business operations in various jurisdictions where it operates. In addition, the Group and/or its subsidiaries are involved in legal matters arising out of transactions involving the transfer of portfolios or businesses. These legal matters can include claims brought by purchasers or other parties asserting claims for damages on various theories, including failure to disclose material information, failure to perform contractual duties or otherwise seeking to impose liability on the Group and/or its subsidiaries. With respect to significant legal or regulatory matters, the Group considers the likelihood of a negative outcome, and when the likelihood of a negative outcome is probable and the amount of the loss can be reliably estimated, a reserve or provision is established to record the estimated loss for the expected outcome. While the Group believes that it is not a party to, nor are any of its subsidiaries the subject of, any unresolved current legal proceedings, claims, litigation and investigations that will have a material adverse effect on the Group's consolidated financial condition, proceedings are inherently unpredictable, and it is possible that the outcome of any proceeding could have a material impact on results of operations in the particular reporting period in which it is resolved. Specifically:

- Several of the Group's subsidiaries as well as other insurance companies are involved in litigation relating to the extent to which COVID-19 was intended to be covered under Property Damage Business Interruption policies. A limited number of class actions have also been initiated. Most of the litigation has been filed in United States courts and in addition to test cases filed in Australia and some in the UK. The final determination of outcomes may take many years as appeals are pursued by the plaintiffs and insurers, including the Group or its subsidiaries.
- In 2016, the Group, on its own initiative, undertook an internal review of the life insurance, savings and pension business sold by its non-U.S. operating companies with relevant cross-border business to customers with a nexus to the U.S. The review confirmed that the Group's cross-border business with U.S. persons was very limited and of a legacy nature, with the large majority of sales having occurred more than a decade ago. The review also confirmed that the Group's U.S. operating companies were not involved in or connected to those activities. The Group voluntarily disclosed the results of the review and the regulatory issues presented by sales to U.S. residents to the Swiss Financial Market Supervisory Authority (FINMA), the U.S. Department of Justice (DOJ) and other authorities. The Group continues to cooperate with these authorities. In April 2019, the DOJ announced that Zurich Life Insurance Company Ltd (ZLIC) and Zurich International Life Limited (ZILL) entered into a non-prosecution agreement (NPA) with the DOJ, which memorializes the DOJ's decision not to prosecute these entities for any U.S. tax-related offenses in connection with legacy cross-border sales to U.S. persons. Under the terms of the NPA, ZLIC and ZILL have agreed to comply with certain specified conditions during the four-year term of the NPA. This resolution has not had, and will not have, an adverse effect on the Group's business or consolidated financial position.
- In April 2023, a putative nationwide class action complaint was filed in the Superior Court for the County of Los Angeles, California (the 'Superior Court'), against Farmers Group Inc., and its subsidiaries, Fire Underwriters Association and Truck Underwriters Association (collectively, 'FGI'). The case, captioned Paul Lim, et al v. Farmers Group, Inc., et al., alleges that FGI breached its fiduciary duty by accepting excessive compensation for their services and failing to disclose certain information about their fees, calculation methods and relationship to Zurich. In May 2023, FGI removed the action to the U.S. District Court for the Central District of California under the Class Action Fairness Act, and subsequently filed a motion to dismiss. On May 26, 2023, plaintiffs filed a motion to remand the action to the Superior Court, which was granted on November 13, 2023. In light of the remand, the U.S. District Court did not rule on the substance of FGI's motion to dismiss. On January 2, 2024, with the Superior Court's permission, plaintiffs filed a first amended complaint. On March 22, 2024, FGI filed a motion for judgment on the pleadings. On May 28, 2024, the Superior Court granted FGI's motion for judgment as to the first amended complaint, granting plaintiffs leave to file a second amended complaint, which was done on July 31, 2024. On September 30, 2024, FGI filed a Demurrer and motion to strike, which is scheduled to be heard by the Superior Court on February 25, 2025. Discovery remains stayed during this time. FGI continues to believe it has numerous and substantial defenses to the claims raised and will vigorously contest the action.
- In July and August 2023, the administrators of Greensill Bank AG (GBAG) served two Particulars of Claim on Zurich Insurance plc (ZIP) (now known as Zurich Insurance Europe AG) issued in the London Commercial Court, alleging non-payment of claims presented under a trade credit policy written by ZIP. Subsequently, Zurich Insurance Company Ltd (ZIC) was substituted in the actions for ZIP. ZIC's defense to both actions was filed on January 26, 2024. In the defense, ZIC also filed counterclaims against GBAG and other third parties. ZIC believes that it has meritorious defenses to the policy and the claims raised and will vigorously contest the actions.

22. Fair value measurement

To measure fair value, the Group gives the highest priority to quoted and unadjusted prices in active markets. In the absence of quoted prices, fair values are calculated through valuation techniques, making the maximum use of relevant observable market data inputs. Whenever observable parameters are not available, the inputs used to derive the fair value are based on common market assumptions that market participants would use when pricing assets and liabilities. Depending on the observability of prices and inputs to valuation techniques, the Group classifies instruments measured at fair value within the following three levels (the fair value hierarchy):

Level 1 – includes assets and liabilities for which fair values are determined directly from unadjusted current quoted prices resulting from orderly transactions in active markets for identical assets/liabilities.

Level 2 – includes assets and liabilities for which fair values are determined using significant inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable market inputs.

Level 3 – includes assets and liabilities for which fair values are determined using valuation techniques with at least one significant input not being based on observable market data. This approach is used only in circumstances when there is little, if any, market activity for a certain instrument, and the Group is required to rely on third-party providers or develop internal valuation inputs based on the best information available about the assumptions that market participants would use when pricing the asset or liability.

The governance framework and oversight of the Group's standards and procedures regarding the valuation of financial instruments measured at fair value lies within the responsibility of Group Risk Management, Group Investment Management and Group Finance. Specialists from these departments ensure the adequacy of valuation models, approve methodologies and sources to derive model input parameters, provide oversight over the selection of third-party pricing providers, and on a semi-annual basis review the classification within the fair value hierarchy of the financial instruments in scope.

The Group makes extensive use of third-party pricing providers to determine the fair values of its financial instruments measured at fair value through comprehensive income and at fair value through profit or loss, and only in rare cases places reliance on prices that are derived from internal models. Investment accounting, operations and process functions are independent from those responsible for buying and selling the assets, and are responsible for receiving, challenging and verifying values provided by third-party pricing providers to ensure that fair values are reliable, as well as ensuring compliance with applicable accounting and valuation policies. The quality control procedures used depend on the nature and complexity of the invested assets. They include variance and stale price analysis, and comparisons with fair values of similar instruments and with alternative values obtained from asset managers and brokers. Model review activities are also conducted for evaluated prices supplied by third parties to verify that their valuation processes, methodologies, models, and governance and control frameworks comply with applicable internal guidance, and that the allocation of those instruments within the fair value hierarchy is adequate. They include the collection and review of relevant documentation as well as meetings with third-party representatives to supplement the analysis.

Table 22.1 compares the fair value with the carrying value of financial assets and financial liabilities. Certain financial instruments are not included in this table as their carrying value is a reasonable approximation of their fair value. Such instruments include cash and cash equivalents, obligations to repurchase securities, and other financial assets and liabilities. This table excludes financial assets and financial liabilities related to unit-linked contracts.

Fair value and carrying value of financial assets and financial liabilities

Table 22.1

in USD millions, as of December 31	Total fair value		Total carrying value	
	2024	2023	**2024**	2023
Securities at FV through comprehensive income				
Debt securities	105,878	92,965	105,878	92,965
Total securities at FV through comprehensive income	105,878	92,965	105,878	92,965
Securities at FV through profit or loss				
Equity securities	14,182	13,217	14,182	13,217
Debt securities	8,146	8,390	8,146	8,390
Total securities at FV through profit or loss	22,327	21,607	22,327	21,607
Derivative assets	885	947	885	947
Debt securities at amortized cost	4,112	4,252	4,392	4,568
Mortgage loans at amortized cost	3,896	4,080	4,047	4,324
Other financial assets at amortized cost	4,009	3,392	4,039	3,682
Total financial assets	**141,108**	**127,242**	**141,568**	**128,094**
Derivative liabilities	(840)	(1,252)	(840)	(1,252)
Financial liabilities held at amortized cost				
Liabilities related to investment contracts	(607)	(463)	(607)	(463)
Senior debt	(3,766)	(4,775)	(4,020)	(5,190)
Subordinated debt	(8,409)	(7,859)	(8,871)	(8,559)
Total financial liabilities held at amortized cost	(12,783)	(13,096)	(13,498)	(14,212)
Total financial liabilities	**(13,623)**	**(14,349)**	**(14,338)**	**(15,465)**

All of the Group's financial assets and financial liabilities are initially recorded at fair value. Subsequently, financial assets measured at fair value through comprehensive income, financial assets measured at fair value through profit or loss and derivative financial instruments are carried at fair value as of the balance sheet date. All other financial instruments are carried at amortized cost and the valuation techniques used to determine their fair value measurement are described below.

Fair values for debt securities held at amortized cost and senior and subordinated debt are obtained from third-party pricing providers. The fair value received from these pricing providers may be based on quoted prices in active markets for identical assets, alternative pricing methods such as matrix pricing, or an income approach employing discounted cash flow models. Such instruments are categorized within level 2.

Discounted cash flow models are used for mortgage and other loans. The discount yields in these models use interest rates that reflect the return a market participant would expect to receive on instruments with similar remaining maturities, cash flow patterns, currencies, credit risk and collateral. Such instruments are categorized within level 3.

Different valuation techniques are used to value private debt instruments, including the income approach (such as discounted cash flow models) or the market approach (such as relative value models). Where prices are obtained from an evaluated pricing service from a data vendor in which price transparency data indicates no use of significant unobservable inputs, they are categorized within Level 2. All other prices are classified to Level 3 unless factual evidence indicates that unobservable inputs are not significant to the valuation.

Fair values of liabilities related to investment contracts are determined using discounted cash flow models. Such instruments are categorized within level 3 due to the unobservability of certain inputs used in the valuation.

Recurring fair value measurements of assets and liabilities

Table 22.2a

Fair value hierarchy – non-unit-linked – current period

in USD millions, as of December 31, 2024	Level 1	Level 2	Level 3	Total
Securities at fair value through comprehensive income				
Debt securities	–	105,249	628	105,878
Total securities at FV through comprehensive income	–	105,249	628	105,878
Securities at FV through profit or loss				
Equity securities	7,691	2,196	4,295	14,182
Debt securities	–	7,874	272	8,146
Total securities at FV through profit or loss	7,691	10,070	4,567	22,327
Derivative assets	4	842	40	885
Investment property	–	–	11,734	11,734
Total assets	**7,694**	**116,161**	**16,969**	**140,824**
Derivative liabilities	(2)	(380)	(459)	(840)
Total liabilities	**(2)**	**(380)**	**(459)**	**(840)**

Table 22.2b

Fair value hierarchy – non-unit-linked – prior period

in USD millions, as of December 31, 2023	Level 1	Level 2	Level 3	Total
Securities at fair value through comprehensive income				
Debt securities	–	92,518	448	92,965
Total securities at FV through comprehensive income	–	92,518	448	92,965
Securities at FV through profit or loss				
Equity securities	7,355	1,958	3,904	13,217
Debt securities	–	8,163	227	8,390
Total securities at FV through profit or loss	7,355	10,122	4,131	21,607
Derivative assets	1	921	25	947
Investment property	–	–	13,684	13,684
Total assets	**7,356**	**103,560**	**18,287**	**129,203**
Derivative liabilities	(9)	(739)	(504)	(1,252)
Total liabilities	**(9)**	**(739)**	**(504)**	**(1,252)**

Fair value hierarchy – unit-linked – current period

Table 22.3a

in USD millions, as of December 31, 2024	Level 1	Level 2	Level 3	Total
Fair value through profit or loss securities				
Equity securities	112,549	13,226	3,030	128,805
Debt securities	–	13,536	1	13,537
Other loans	575	2,896	–	3,471
Total fair value through profit or loss securities	113,124	29,659	3,030	145,812
Derivative assets	–	1	–	2
Investment property	–	–	1,938	1,938
Total assets for unit-linked contracts[1]	**113,124**	**29,660**	**4,968**	**147,752**
Financial liabilities at FV through profit or loss				
Liabilities related to unit-linked investment contracts	–	(65,900)	–	(65,900)
Derivative liabilities	(2)	(38)	–	(39)
Total liabilities for unit-linked contracts	**(2)**	**(65,938)**	**–**	**(65,939)**

1 Excluding cash and cash equivalents.

Fair value hierarchy – unit-linked – prior period

Table 22.3b

in USD millions, as of December 31, 2023	Level 1	Level 2	Level 3	Total
Fair value through profit or loss securities				
Equity securities	107,079	13,127	2,235	122,442
Debt securities	–	12,860	11	12,871
Other loans	528	2,467	–	2,995
Total fair value through profit or loss securities	107,607	28,454	2,246	138,307
Derivative assets	–	26	–	26
Investment property	–	–	2,022	2,022
Total assets for unit-linked contracts[1]	**107,607**	**28,479**	**4,268**	**140,355**
Financial liabilities at FV through profit or loss				
Liabilities related to unit-linked investment contracts	–	(59,807)	–	(59,807)
Derivative liabilities	–	(1)	–	(1)
Total liabilities for unit-linked contracts	**–**	**(59,808)**	**–**	**(59,808)**

1 Excluding cash and cash equivalents.

Within level 1, the Group has classified common stocks, exchange-traded derivative financial instruments, investments in unit trusts that are exchange listed or published daily and other highly liquid financial instruments.

Within level 2, the Group has classified government and corporate bonds, thinly traded common stocks, investments in unit trusts without daily prices or with sales restrictions, agency mortgage-backed securities (MBS), 'AAA' rated non-agency MBS and other asset-backed securities (ABS), and certain private debt instruments where valuations are obtained from independent pricing providers. The fair value received from these pricing providers may be based on quoted prices in an active market for similar assets, alternative pricing methods such as matrix pricing, or an income approach employing discounted cash flow models.

Over-the-counter derivative financial instruments are valued using internal models and third-party valuation services. The fair values are determined using dealer price quotations, discounted cash flow models and option pricing models, which use various inputs including current market and contractual prices for underlying instruments, time to expiry, yield curves and volatility of underlying instruments. Such instruments are classified within level 2 as the inputs used in pricing models are generally market observable or derived from market observable data.

Fair values of liabilities related to unit-linked investment contracts are usually determined by reference to the fair value of the underlying assets backing these liabilities. Such instruments are classified within level 2.

Within level 3, the Group has classified:

- Unlisted stocks, private equity funds and hedge funds that are not actively traded. The valuations of such instruments are obtained from quarterly net asset value information from the fund manager and annual audited financial statements provided by the issuing company. The prices are generally derived for each underlying company in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines, using discounted cash flows (income approach) or multiples methods (market approach). The Group has only limited insight into the specific inputs used by the fund managers; hence, a narrative sensitivity analysis is not applicable.
- Non-agency MBS, ABS and collateralized loan obligations (CLO) rated below 'AAA' and private debt holdings including certain private placements that are valued by independent pricing providers or external asset managers using primarily the discounted cash flow method with significant unobservable input parameters such as asset prepayment rates, default rates and credit spreads. A significant market yield increase of the benchmark securities in isolation could result in a decreased fair value, while a significant market yield decrease could result in an increased fair value. However, a reasonable variation in the option-adjusted spread taken from a set of benchmark securities with similar characteristics has only an immaterial impact on fair value.
- All investment properties for which there are no active and transparent real estate markets or observable data available. The valuation for the majority of these investment properties – other than certain investment properties located in Switzerland – are typically performed annually by independent qualified appraisers. The parameters used for the valuations are specific to each country or region and vary significantly across different markets. External appraisals are reviewed by internal real estate valuation specialists; however, since the unobservable inputs were not developed by the Group they are not readily available. In some cases, where external valuations are obtained at least every three years, interim valuations by internal valuation specialists are performed. For investment properties located in Switzerland, the valuation model is based on a discounted cash flow method and is applied to each individual property based on its expected cash flows. The unobservable input parameters include the future transition cost for carbon emissions and capital expenditures to achieve the desired environmental footprint depending on the current condition of each individual property. These input parameters are combined into a synthetic spread applied to the otherwise observable discount rate. Overall, as of December 31, 2024, around 40 percent of level 3 investment properties were covered by internal valuations. Significant increases/(decreases) in the synthetic spread, in isolation, would result in a lower/(higher) fair value measurement. For example, an increase in spread of 10 bps, considered in isolation, would result in a decrease in fair value of 3 percent or approximately USD 170 million as of December 31, 2024.
- Options and long-dated derivative financial instruments with fair values determined using counterparty valuations or calculated using significant unobservable inputs such as historical volatilities, historical correlation, implied volatilities from the counterparty or derived using extrapolation techniques. Quantitative information on unobservable inputs is not available when counterparty pricing was used. For internally calculated fair values, significant increases/(decreases) in volatilities or correlation would result in a significantly higher/(lower) fair value measurement; however, the overall effect on the Group's financial statements would not be material.

For details on Group investments sensitivities, refer to section 'Analysis by risk type' in the 2024 Risk Review as well as select disclosures included in note 7.

The fair value hierarchy is reviewed at the end of each reporting period to determine whether significant transfers between levels have occurred. Transfers between levels mainly arise as a result of changes in market activity and observability of the inputs to the valuation techniques used to determine the fair value of certain instruments.

Table 22.4a

Development of assets and liabilities classified within level 3 – non-unit-linked – current period

in USD millions	Fair value through profit or loss securities					
	Debt securities	Equity securities	Debt securities	Derivative assets	Derivative liabilities	Investment property
As of January 1, 2024	448	3,904	227	25	(504)	13,684
Realized gains/(losses) recognized in income[1]	4	145	1	(3)	(25)	194
Unrealized gains/(losses) recognized in income[1,2]	1	365	2	10	16	(125)
Unrealized gains/(losses) recognized in other comprehensive income	14	–	–	(5)	–	–
Purchases	381	569	97	7	–	279
Settlements/sales/redemptions	(252)	(579)	(56)	(5)	25	(1,213)
Transfer to assets held for sale[3]	–	–	–	–	–	(320)
Transfers into level 3	80	–	–	–	–	–
Transfers out of level 3	(38)	–	(10)	–	–	–
Acquisitions and divestments[4]	–	22	–	13	–	(2)
Foreign currency translation effects	(9)	(131)	11	(2)	30	(763)
As of December 31, 2024	**628**	**4,295**	**272**	**40**	**(459)**	**11,734**

1 Presented as net capital gains/(losses) on Group investments in the consolidated income statements (see note 5).
2 Unrealized gains/(losses) recognized in income for debt securities measured at fair value through comprehensive income relate to change in ECL.
3 Movement relates to transfer of investment property to assets held for sale primarily in Switzerland and Austria.
4 Related to the divestment of the annuity book of Zurich Chile Seguros de Vida S.A. as well as the reversal of the amounts previously held for sale regarding the legacy traditional life insurance book of Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft (see note 4).

For the year ended December 31, 2024, the Group transferred USD 80 million of debt securities held at fair value through comprehensive income from level 2 into level 3 corresponding to private debt instruments that exhibit higher reliance on unobservable valuation inputs, and non-agency ABS and MBS with a credit rating downgrade from AAA. This transfer is partially offset by the reverse situation, by which the Group transferred USD 38 million of debt securities held at fair value through comprehensive income as well USD 10 million of debt securities recorded at fair value through profit or loss from level 3 into level 2 attributable to private debt instruments with no significant reliance on unobservable valuation inputs, and non-agency ABS and MBS that have been upgraded to AAA.

Table 22.4b

Development of assets and liabilities classified within level 3 – non-unit-linked – prior period

in USD millions	Fair value through profit or loss securities					
	Debt securities	Equity securities	Debt securities	Derivative assets	Derivative liabilities	Investment property
As of January 1, 2023	575	3,590	287	46	(717)	11,900
Realized gain/(losses) recognized in income[1]	(3)	108	–	(4)	(107)	194
Unrealized gain/(losses) recognized in income[1,2]	(6)	53	6	(6)	233	(889)
Unrealized gain/(losses) recognized in other comprehensive income	18	–	–	3	–	–
Purchases	117	827	92	7	–	197
Settlements/sales/redemptions	(188)	(737)	(170)	(1)	107	(1,026)
Transfers into level 3	87	–	–	–	–	2,930
Transfers out of level 3	(158)	(1)	–	–	–	–
Acquisitions and divestments[3]	(15)	(71)	–	(9)	–	(376)
Foreign currency translation effects	20	135	12	(12)	(19)	753
As of December 31, 2023	**448**	**3,904**	**227**	**25**	**(504)**	**13,684**

1 Presented as net capital gains/(losses) on Group investments in the consolidated income statements (see note 4).
2 Unrealized gains/(losses) recognized in income for debt securities measured at fair value through comprehensive income related to impairments.
3 Related to an agreements entered into by Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft to sell its legacy traditional life insurance book and Inversiones Suizo-Chilena S.A. to sell the annuity book of Zurich Chile Seguros de Vida S.A. (see note 4).

For the year ended December 31, 2023, the Group transferred USD 87 million of debt securities held at fair value through comprehensive income from level 2 into level 3 corresponding to private debt instruments that exhibit higher reliance on unobservable valuation inputs, and non-agency ABS and MBS with a credit rating downgrade from AAA. The Group transferred USD 158 million of debt securities held at fair value through comprehensive income out of level 3 into level 2 attributable to private debt instruments with a higher reliance on observable valuation inputs and non-agency ABS and MBS whose credit ratings have been upgraded to AAA.

For the year ended December 31, 2023, the Group transferred USD 3 billion of investment property from level 2 to level 3. During 2023, the Group reviewed the fair value hierarchy classification of investment properties primarily located in Germany. The sharp increase in interest rates, coupled with rising inflation and uncertainty around future interest rate development, resulted in significantly fewer transactions in the real estate market. Therefore, reliable market information was not available in sufficient quantity to substantiate some of the input parameters used by independent external appraisers in their valuations.

Development assets and liabilities classified within level 3 – unit-linked – current period

Table 22.5a

in USD millions	Fair value through profit or loss securities		
	Equity securities	Debt securities	Investment property
As of January 1, 2024	2,235	11	2,022
Realized gains/(losses) recognized in income[1]	33	–	(7)
Unrealized gains/(losses) recognized in income[1]	277	–	87
Purchases	644	–	64
Sales/redemptions	(156)	(1)	(204)
Transfers into level 3	–	–	–
Transfers out of level 3	–	(10)	–
Acquisitions/(divestments) and transfers	–	–	–
Foreign currency translation effects	(3)	–	(24)
As of December 31, 2024	**3,030**	**1**	**1,938**

1 Presented as net investment result on unit-linked investments in the consolidated income statements.

For the year ended December 31, 2024, there was no significant movement in unit-linked fair value through profit or loss equity or debt securities or investment property.

Development assets and liabilities classified within level 3 – unit-linked – prior period

Table 22.5b

in USD millions	Fair value through profit or loss securities		
	Equity securities	Debt securities	Investment property
As of January 1, 2023	1,777	27	2,233
Realized gains/(losses) recognized in income[1]	11	1	(103)
Unrealized gains/(losses) recognized in income[1]	147	1	50
Purchases	377	–	29
Sales/redemptions	(77)	(19)	(279)
Transfers into level 3	–	–	–
Transfers out of level 3	–	–	–
Acquisitions/(divestments) and transfers	–	–	–
Foreign currency translation effects	1	–	91
As of December 31, 2023	**2,235**	**11**	**2,022**

1 Presented as net investment result on unit-linked investments in the consolidated income statements.

For the year ended December 31, 2023, there has been no significant movement in unit-linked fair value through profit or loss equity or debt securities or investment property.

23. Expected credit loss measurement

ECL scenarios and key input parameters

For rated debt securities, the Group determines the forward-looking inputs by evaluating a range of possible outcomes through a scenario-based approach. The following macroeconomic and financial variables have been selected due to historical correlation with credit loss emergence and relevance to the Group investment portfolio: GDP growth, 10-year interest rates and investment credit spread in the U.S. and eurozone. Table 23.1 shows the variables for each of the three scenarios (downside scenario/base case/upside scenario) modelled by Group Investment Management – Market Strategy and Macroeconomics, as well as the weights assigned to each scenario. For residential and small commercial mortgage loan portfolios, the forward-looking parameters are derived from the forecast of the real estate prices by property type, as well as actual affordability of the loan for a customer.

For 2025, the economic scenarios are centered around expectations for the development of the U.S. economy following the U.S. election:

- The base case scenario anticipates the U.S. economy to grow at an above-trend pace over the coming year, driven by the advancement of numerous proposed policies by the new administration. Policies around trade and immigration take longer to implement and are toned down, limiting price pressures and global disruption in the near term. The global macroeconomic environment is expected to remain highly uncertain, with weaker growth projected in the eurozone and China. The Federal Reserve is expected to adopt a more cautious approach to interest rate cuts, driven by concerns over potential inflationary pressures as tariffs increase. Treasury yields are projected to trade within a higher range given the reduced scope for Federal policy loosening and higher risk premiums. In contract, the outlook for eurozone bond yields remains largely unchanged from pre-election expectations, as weaker growth conditions offset any upward pressure from a stronger dollar. Credit spreads are expected to widen slightly from the historically low levels observed in many markets during 2024, due to weakened investor demand and increased supply, but they are anticipated to remain at non-recessionary levels.
- In the downside scenario, there is a hard landing for the U.S. economy, with an accelerated recessionary impact projected for 2025. Contrary to the base case scenario, the new administration adopts a more aggressive stance on tariffs, fueling inflation and disrupting the broader economy. The Federal Reserve signals that further policy easing is inappropriate and that rate hikes may be necessary, triggering a disruptive repricing of Federal Reserve expectations and a widening of inflation risk premiums. The global growth outlook is further weakened by persistent economic challenges in China and by an accelerated decline in Europe's industrial sector. The U.S. dollar strengthens sharply, exacerbating global tensions and compelling other central banks to maintain restrictive policies despite economic weakness. Over time, it becomes evident that the U.S. economy cannot sustain higher borrowing costs, leading to a significant stress in weaker economic sectors as businesses struggle with substantial refinancing needs, resulting in a rapid rise in unemployment. In credit markets, an increasing number of companies become vulnerable to cash burn and financial distress, leading to a notable increase in defaults and credit spreads peaking in the 200 to 250 basis point range with high volatility. Despite the recession and falling asset prices, bond yields remain elevated for an extended period due to persistent inflation pressures and investor demand for higher risk premiums.
- The upside scenario sees U.S. economic growth remaining above trend in 2025, while inflation gradually declines. Initially, there is elevated uncertainty regarding the future trade environment. However, it becomes evident that tariffs will primarily serve as a negotiation tool, with Europe and China taking steps to increase imports from the U.S. Although growth prospects in Europe are more limited, inflation pressures moderate, with rapid wage growth subsiding in early 2025. The Federal Reserve adopts a cautious approach, guiding interest rates higher, but bond market sentiment remains stable as inflationary prices are diluted. Credit markets acknowledge the improvement in the policy and growth environment, though upside potential is limited due to already tight credit spreads and lower Treasury yields compared to the base case, resulting in credit spreads remaining modestly wider compared to 2024.

Table 23.1

Scenario weights and macroeconomic assumptions for ECL measurement of debt securities

As of December 31	**USA**	**Eurozone**	USA	Eurozone	**Assigned weights in %**	
		2024		2023	**2024**	2023
Upside scenario						
GDP year-on-year change in %	2.5	0.8	1.8	0.8		
10-year interest rate in %	3.5	1.6	3.7	2.5		
Credit spread in basis points	90	100	100	90	15%	25%
Base case scenario						
GDP year-on-year change in %	2.5	0.8	0.2	0.4		
10-year interest rate in %	4.3	2.1	3.5	2.3		
Credit spread in basis points	100	110	125	120	55%	50%
Downside scenario						
GDP year-on-year change in %	0.0	(0.4)	(0.6)	(0.4)		
10-year interest rate in %	3.8	1.8	3.0	2.0		
Credit spread in basis points	200	250	250	250	30%	25%

The scenario weights reflect management's assessment of economic and political risks that might affect the expected credit losses from financial assets held. Table 23.2 provides a sensitivity analysis of the effect of the calibration of the macroeconomic scenario on the recognition of expected credit losses of debt securities.

ECL sensitivity to future economic conditions

Table 23.2

Scenarios as of December 31	2024			2023		
	Pro forma ECL (assuming application of 100% weighting)	**in % of Base case**	**Actual ECL**	Pro forma ECL (assuming application of 100% weighting)	in % of Base case	Actual ECL
Upside	(55)	75%		(58)	65%	
Base case	(73)	100%		(90)	100%	
Downside	(216)	295%	(112)	(200)	222%	(109)

The Group applies the low credit risk simplification for the rated debt securities and recognizes a 12-months ECL for debt securities that have an external or internal rating equivalent to 'investment grade' (i.e., AAA to BBB–). Other exposures are assessed for significant increase in credit risk. Tables 23.3a and 23.3b below show the carrying amount of debt securities by credit risk rating grades and the related expected credit losses recognized.

Debt securities by rating of issuer- Carrying amount and ECL allowance – current period

Table 23.3a

in USD millions, as of December 31, 2024	**Carrying amount**	**% of total**	**12 months ECL**	**Lifetime ECL**
Rating:				
AAA	25,309	23	(3)	–
AA– up to and including AA+	35,103	32	(6)	–
A– up to and including A+	18,558	17	(7)	–
BBB up to and including BBB+	19,966	18	(13)	–
BBB–	5,593	5	(7)	–
BB+ and below	5,740	5	(55)	(21)
Total	**110,270**	**100**	**(91)**	**(21)**

Debt securities by rating of issuer- Carrying amount and ECL allowance – prior period

Table 23.3b

in USD millions, as of December 31, 2023	Carrying amount	% of total	12 months ECL	Lifetime ECL
Rating:				
AAA	22,836	23	(5)	–
AA– up to and including AA+	28,147	29	(5)	–
A– up to and including A+	16,021	16	(7)	–
BBB up to and including BBB+	19,387	20	(16)	–
BBB–	5,684	6	(9)	–
BB+ and below	5,459	6	(46)	(20)
Total	**97,534**	**100**	**(88)**	**(21)**

Maximum exposure to credit risk and ECL recognized

Tables 23.4a and 23.4b provide a reconciliation for financial assets measured at fair value through OCI or at amortized cost between the gross carrying amount and the net carrying amount, including the recognition of 12-months ECL and lifetime ECL by asset type.

The gross carrying amount represents fair value for debt instruments measured at FVOCI and amortized cost (prior to recognition of any ECL) for debt instruments measured at amortized cost. The net carrying amount represents the balance sheet carrying amount (i.e., fair value for debt instruments measured at FVOCI and amortized cost less ECL allowance for debt instruments measured at amortized cost).

Maximum exposure to credit risk and ECL by type of financial asset – current period

Table 23.4a

In USD millions, as of December 31, 2024	Gross carrying amount	12 months ECL	Lifetime ECL	Net carrying amount
Debt securities:				
of which governments and supra-national bonds	59,465	(40)	(3)	59,422
of which corporate securities	41,555	(50)	(17)	41,488
of which mortgages and asset-backed securities	9,255	(1)	–	9,253
Total debt securities	110,275	(91)	(21)	110,163
Mortgage loans at amortized cost	4,048	–	(1)	4,047
Other financial assets at amortized cost	4,048	(6)	(3)	4,039
Receivables and other financial assets	11,731	–	(14)	11,717
Total	**130,101**	**(97)**	**(39)**	**129,966**

Maximum exposure to credit risk and ECL by type of financial asset – prior period

Table 23.4b

In USD millions, as of December 31, 2023	Gross carrying amount	12 months ECL	Lifetime ECL	Net carrying amount
Debt securities:				
of which governments and supra-national bonds	49,839	(28)	(3)	49,808
of which corporate securities	37,641	(58)	(18)	37,566
of which mortgages and asset-backed securities	10,057	(1)	–	10,056
Total debt securities	97,537	(88)	(21)	97,429
Mortgage loans at amortized cost	4,325	–	(1)	4,324
Other financial assets at amortized cost	3,694	(5)	(6)	3,682
Receivables and other financial assets	10,410	–	(18)	10,391
Total	**115,966**	**(94)**	**(46)**	**115,827**

The carrying amount includes USD 19 million and USD 42 million of debt securities subject to individual impairment with carrying amount reduced by cumulative impairment losses of USD (14) million and USD (22) million as of December 31, 2024 and 2023, respectively. Furthermore, the carrying amount includes USD 108 million and USD 47 million of debt securities that were purchased or originated credit-impaired financial assets (POCI) as of December 31, 2024 and 2023, respectively. The carrying amount includes USD 28 million and USD 0 million of credit-impaired other financial assets at amortized cost with carrying amount reduced by cumulative impairment losses of USD (1) million and USD 0 million as of December 31, 2024 and 2023, respectively. There was no undiscounted lifetime expected credit losses associated with POCI financial assets initially recognized during 2024 or 2023. There were no material credit-impaired mortgage loans at amortized cost as of December 31, 2024 or 2023.

Development of ECL allowances

Tables 23.5a and 23.5b show how the allowances for expected credit losses from financial assets in tables 23.4a and 23.4b developed during the period ended December 31, 2024 and 2023.

Table 23.5a

Development of ECL allowance by type of financial asset – current period

in USD millions	Debt securities[1]		Mortgage loans at amortized cost		Other financial assets at amortized cost	
	12-months ECL	Lifetime ECL	12-months ECL	Lifetime ECL	12-months ECL	Lifetime ECL
As of January 1, 2024	(88)	(21)	–	(1)	(5)	(6)
Transfer to lifetime expected credit losses	4	(4)	–	–	–	–
Transfer to 12-months expected credit losses	(3)	3	–	–	–	–
Debt securities that have been derecognized during the period	62	8	–	–	2	1
Additions	(65)	(1)	–	–	(3)	–
Write-offs	1	–	–	–	–	–
Other changes[2]	(8)	(7)	–	–	–	2
Foreign currency translation effects	5	1	–	–	–	–
As of December 31, 2024	**(91)**	**(21)**	**–**	**(1)**	**(6)**	**(3)**

1 Presented as loss allowance on FVOCI debt securities through comprehensive income within shareholders' equity.
2 Remeasurement without stage transfer/change in methodology.

Table 23.5b

Development of ECL allowance by type of financial asset – prior period

in USD millions	Debt securities[1]		Mortgage loans at amortized cost		Other financial assets at amortized cost	
	12-months ECL	Lifetime ECL	12-months ECL	Lifetime ECL	12-months ECL	Lifetime ECL
As of January 1, 2023	(68)	(21)	–	(2)	(5)	(2)
Transfer to lifetime expected credit losses	3	(3)	–	–	–	–
Transfer to 12-months expected credit losses	(1)	1	–	–	–	–
Debt securities that have been derecognized during the period	37	7	–	–	1	5
Additions	(37)	(1)	–	–	(1)	–
Write-offs	1	4	–	–	–	–
Other changes[2]	(22)	(13)	–	1	(1)	(9)
Foreign currency translation effects	–	4	–	–	–	–
As of December 31, 2023	**(88)**	**(21)**	**–**	**(1)**	**(5)**	**(6)**

1 Presented as loss allowance on FVOCI debt securities through comprehensive income within shareholders' equity.
2 Remeasurement without stage transfer/change in methodology.

In addition to the above, impairment gains/(losses) of USD (9) million and USD (29) million were recognized in profit or loss for individually impaired debt securities measured at FVOCI and amortized cost in 2024 and 2023, respectively. There were impairment gains/(losses) of USD 4 million and USD 2 million recognized for POCI debt securities in 2024 and 2023, respectively. Impairment losses for credit-impaired mortgage loans and other financial assets at amortized cost were not material in 2024 or 2023.

24. Related-party transactions

In the normal course of business, the Group enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. Related parties of the Group include, among others, subsidiaries, associates, joint ventures, key management personnel, and the post-employment benefit plans (please see note 19). Transactions between the Group and its subsidiaries are eliminated on consolidation, and they are not disclosed in the consolidated financial statements. A list of the Group's significant subsidiaries is shown in note 27. The transactions of the Group concluded with its associates and joint ventures are not considered material to the Group, either individually or in aggregate.

Table 24 summarizes related-party transactions with key management personnel reflected in the consolidated financial statements. Key management personnel includes members of the Board of Directors of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd and members of the Executive Committee.

Table 24

Related party transactions – key personnel

in USD millions, for the years ended December 31	2024	2023
Remuneration of key personnel of the Group		
Cash compensation, current benefits and fees	42	43
Post-employment benefits	2	–
Share-based compensation	37	46
Other remuneration	4	3
Total remuneration of key personnel	**85**	**92**

As of December 31, 2024 and 2023, there were no loans, advances or credits outstanding from members of the Executive Committee. No loans and guarantees were granted to members of the Board of Directors as of December 31, 2024 and 2023. The terms 'members of the Board of Directors' and 'members of the Executive Committee' in this context include the individual as well as members of their respective households. The figures in table 24 include the fees paid to members of the Board of Directors of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd, which were USD 7 million for both years ended December 31, 2024 and 2023.

The cash compensation, current benefits and fees are short term in nature.

25. Relationship with the Farmers Exchanges

Farmers Group, Inc. (FGI) and certain of its subsidiaries provide certain non-claims services to the Farmers Exchanges as their attorneys-in-fact, and also provide certain ancillary services to the Farmers Exchanges. Farmers Group, Inc. is a wholly owned subsidiary of the Group. Attorney-in-fact services primarily include risk selection, preparation and mailing of policy documents and invoices, premium collection, management of the investment portfolios and certain other administrative and managerial functions. Fees for these services are primarily determined as a percentage of gross premiums earned by the Farmers Exchanges. Ancillary services primarily include information technology, brand advertising and certain distribution related services that are not covered under the attorney-in-fact contracts for which FGI acts as a principal in arranging for those services to the Exchanges. The finances and operations of the Farmers Exchanges are governed by independent Boards of Governors. In addition, following the acquisition of the three brokerage entities and the flood servicing business from Farmers Exchanges (see note 4), FGI, through the acquired brokerages, receives access to the Farmers Exchanges' distribution network in exchange for an agency access fee to the Farmers Exchanges, and provides flood program administration services to the Farmers Exchanges in exchange for a fee from the Farmers Exchanges.

The relationships with the Farmers Exchanges are further described below.

a) Quota share reinsurance treaties with the Farmers Exchanges

Farmers Reinsurance Company (Farmers Re), a wholly owned subsidiary of FGI, assumes risk through a quota share reinsurance treaty, the All Lines Quota Share reinsurance agreement (All Lines agreement) with the Farmers Exchanges.

The All Lines agreement provides for an assumption of a quota share of the all lines insurance results of the Farmers Exchanges. Subject to regulatory approval, effective December 31, 2024, Farmers Re assumed an 8.00 percent quota share of which 4.50 percent was retroceded to Zurich Insurance Company Ltd and Zurich Reinsurance Company Ltd. Another 22.00 percent was assumed by other third parties.

Table 25.1

Quota share reinsurance treaties

in USD millions, for the years ended December 31	All Lines agreement	
	2024[1]	2023[2]
Insurance revenue	1,929	1,536
Insurance service expense[3]	(1,790)	(1,461)
Insurance service result	**139**	**75**

1 Effective December 31, 2023, Farmers Re assumed a 10.00 percent quota share of which 8.25 percent was retroceded to Zurich Global, Ltd. Another 23.00 percent was assumed by other third parties.
2 Effective December 31, 2022, Farmers Re assumed an 8.50 percent quota share of which 6.75 percent was retroceded to Zurich Global, Ltd. Another 22.50 percent was assumed by other third parties.
3 Under the All Lines agreement, Farmers Re catastrophe losses are subject to a maximum amount each year. Under the agreement effective December 31, 2023, catastrophe losses occurring in 2024 were limited to USD 255 million. Under the agreement effective December 31, 2022, catastrophe losses occurring in 2023 were limited to USD 174 million.

b) Farmers management fees and other related revenues

Farmers Group, Inc. and certain of its subsidiaries (FGI), wholly owned subsidiaries of the Group, are the appointed attorneys-in-fact of the Farmers Exchanges, which are not owned by FGI. As the attorney-in-fact, FGI is permitted by policyholders of the Farmers Exchanges to receive a management fee of up to 20 percent (up to 25 percent in the case of Fire Insurance Exchange) of the gross premiums earned by the Farmers Exchanges. This management fee, the primary source of revenue for FGI, has an agreed upon margin cap of 7 percent which is derived from FGI gross management result divided by the gross premium earned by the Farmers Exchanges. The expected revenues and expenses are assessed monthly to determine if expected revenues will be in excess of the cap, in which case the revenue is reduced on a pro-rata basis to ensure that no revenue is recognized for the amounts exceeding the cap. In addition, FGI revenue includes reimbursement of certain ancillary service costs incurred by FGI on behalf of primarily the Farmers Exchanges that are not covered under the attorney-in-fact contracts. The amounts incurred for these services are reimbursed to FGI at cost in accordance with allocations that are subject to approval by the Farmers Exchanges Boards of Governors.

FGI has historically charged a lower management fee than the amount allowed by policyholders. The range of fees has varied by line of business over time and from year to year. The gross earned premiums of the Farmers Exchanges were USD 28.0 billion and USD 26.7 billion for the years ended December 31, 2024, and 2023, respectively.

Table 25.2

Farmers Management Services[1]

in USD millions, for the years ended December 31	**2024**	2023	Change
Fee income	4,392	4,529	(3%)
Management fees	3,595	3,577	1%
Revenues for ancillary services	707	865	(18%)
Membership fees	52	51	2%
Other revenues	39	37	5%
Fee business expenses	(2,378)	(2,587)	8%
Expenses for ancillary services	(707)	(865)	18%
Management and other expenses	(1,671)	(1,722)	3%
Fee result	2,014	1,942	4%
Other management related income/expenses	(54)	(67)	20%
Gross management result[2]	**1,960**	**1,875**	**5%**
Managed gross earned premium margin	7.0%	7.0%	0.0 pts

1 Excludes the agency brokerage entities acquired in 2023 (see note 4).
2 Includes the impact of amortization/impairment of intangible assets acquired as part of a business combination.

26. Segment information

The Group pursues a customer-centric strategy, where the Property & Casualty (P&C) and Life businesses are managed on a regional basis. The Group's reportable segments have been identified on the basis of the businesses operated by the Group and how these are strategically managed to offer different products and services to specific customer groups. The Group has identified 13 reportable segments and segment information is presented accordingly as follows:

- P&C regions
- Life regions
- Farmers
- Group Functions and Operations
- Non-Core Businesses

The Group's reportable segments comprise the following:

P&C and Life regions

- Europe, Middle East & Africa
- North America
- Asia Pacific
- Latin America
- Group Reinsurance

P&C regions provide a variety of motor, home and commercial products and services for individuals, as well as small and large businesses on both a local and global basis. Products are sold through multiple distribution channels including agents, brokers and bank distribution.

Life regions provide a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health and long-term care insurance. In addition to the agent distribution channel, certain of these products are offered via bank distribution channels.

The **Farmers** segment includes Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, which, along with certain of its subsidiaries, provides certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services. The Farmers Exchanges are prominent writers of personal and small commercial lines of business in the U.S. and are owned by their policyholders. Zurich Insurance Group has no ownership in the Farmers Exchanges. This segment also includes all reinsurance assumed from the Farmers Exchanges by the Group and the activities of Farmers New World Life, a subsidiary of FGI and writer of individual life insurance business in the U.S.

Group Functions and Operations comprise the Group's Holding and Financing and Headquarters activities, including central initiatives in Zurich Global Ventures. Certain alternative investment positions not allocated to business operating segments are included within Holding and Financing. In addition, this segment includes operational technical governance activities relating to technology, underwriting, claims, actuarial and pricing.

Non-Core Businesses include insurance and reinsurance businesses that the Group does not consider core to its operations and that are therefore mostly managed to achieve a beneficial run-off. Non-core businesses are mainly situated in the U.S., Bermuda and in Europe.

Aggregations and additional information

Regional P&C and Life results are further aggregated to show a total P&C and total Life business view.

- P&C – Total
- Life – Total

For additional informational purposes, the Group also discloses income statement information for P&C Commercial Insurance and P&C Retail and Other Insurance results. Other Insurance includes SME, direct market and other program business.

- P&C Commercial Insurance
- P&C Retail and Other Insurance

Business operating profit

The segment information includes business operating profit, which is the Group's key performance measure. Business operating profit (BOP) indicates the underlying performance of the Group's businesses, after non-controlling interests, by eliminating the impact of financial market volatility and other non-operating variables. This measure is the basis on which the Group manages its operating performance. BOP is a pre-tax measure of operating performance adjusted for:

- Net capital gains/(losses) and expected credit losses on investments (except investments in hedge funds as at fair value through profit or loss and certain securities held for specific economic hedging purposes) after considering the effect of changes in fair value of underlying items held for direct participating contracts and effects of hyperinflation,
- Restructuring charges,
- Charitable contributions,
- Large one-off regulatory implementation efforts,
- Specific items related to business combinations, including amortization of related intangible assets, and
- Gains and losses on divestment of businesses and impairments of goodwill.

Property & Casualty – Overview by segment

Table 26.1

in USD millions, for the year ended December 31	Europe, Middle East & Africa		North America	
	2024	2023	**2024**	2023
Insurance revenue	18,651	17,170	20,985	20,607
Insurance service expense	(16,426)	(15,558)	(17,886)	(16,716)
Net expenses from reinsurance contracts held	(905)	(852)	(1,421)	(1,962)
Insurance service result	1,320	760	1,678	1,929
Net investment income on Group investments	908	736	1,141	1,094
Net capital gains/(losses) on Group investments	79	18	194	185
Net investment result on Group investments	987	755	1,335	1,278
Re-/Insurance finance income/(expenses)	(380)	(222)	(690)	(534)
Net investment result	608	533	644	744
Fee income	222	213	206	210
Fee business expenses	(170)	(162)	(134)	(131)
Fee result	52	51	72	79
Other revenues	185	143	175	130
Interest expense on debt	(54)	(52)	(16)	(14)
Other expenses	(753)	(687)	(340)	(417)
Restructuring costs and other items not included in BOP	156	90	101	196
Other result	(466)	(506)	(80)	(105)
Income tax (expense)/benefit attributable to policyholders (BOP relevant)	–	–	–	–
Business operating profit before non-controlling interests	1,514	839	2,313	2,647
Non-controlling interests	26	23	–	–
Business operating profit	**1,487**	**816**	**2,313**	**2,647**

Asia Pacific		Latin America		Group Reinsurance		Eliminations		Total	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
3,793	3,434	3,162	2,812	799	781	(2,598)	(2,511)	44,792	42,293
(2,927)	(2,723)	(2,345)	(2,400)	(652)	(431)	1,758	1,373	(38,479)	(36,454)
(491)	(393)	(535)	(194)	(301)	(391)	840	1,138	(2,812)	(2,653)
375	319	282	218	(154)	(42)	–	–	3,500	3,186
180	134	271	224	4	2	–	–	2,503	2,191
(1)	(3)	(5)	17	3	8	–	–	269	225
178	131	265	242	7	10	–	–	2,772	2,416
(59)	(52)	(78)	(59)	(27)	(20)	–	–	(1,233)	(887)
120	80	187	183	(20)	(11)	–	–	1,539	1,529
55	53	–	–	–	–	–	–	483	476
(79)	(65)	–	–	–	–	(2)	(4)	(385)	(361)
(24)	(12)	–	–	–	–	(2)	(4)	98	115
18	27	27	19	63	65	(7)	(11)	461	373
(2)	(2)	(2)	(4)	(5)	(10)	–	11	(80)	(71)
(156)	(122)	(170)	(174)	(61)	(45)	8	4	(1,471)	(1,442)
23	6	15	41	16	–	–	–	311	334
(116)	(92)	(130)	(118)	12	10	2	4	(779)	(807)
(5)	(2)	–	–	–	–	–	–	(5)	(2)
349	293	339	284	(162)	(42)	–	–	4,353	4,020
6	2	116	102	–	–	–	–	149	127
343	**290**	**223**	**181**	**(162)**	**(42)**	**–**	**–**	**4,204**	**3,893**

Table 26.2

Life – Overview by segment

in USD millions, for the years ended December 31	Europe, Middle East & Africa		North America	
	2024	2023	**2024**	2023
Insurance revenue	6,566	5,912	160	194
Insurance service expense	(4,999)	(4,410)	(83)	(83)
Net expenses from reinsurance contracts held	(113)	(169)	(31)	(25)
Insurance service result	1,455	1,333	46	86
Net investment income on Group investments	2,252	2,164	64	59
Net capital gains/(losses) on Group investments	(96)	(234)	18	26
Net investment result on Group investments	2,156	1,930	82	85
Net investment income on unit-linked investments	1,160	1,090	–	–
Change in liabilities for investment contracts and other funds	(796)	(700)	–	–
Re-/Insurance finance income/(expenses)	(2,137)	(2,017)	(93)	(90)
Net investment result	384	304	(11)	(5)
Fee income	888	802	–	–
Fee business expenses	(624)	(594)	–	–
Fee result	264	208	–	–
Other revenues	184	115	30	24
Interest expense on debt	(13)	(16)	–	–
Other expenses	(450)	(402)	(8)	3
Restructuring costs and other items not included in BOP	64	10	–	–
Other result	(215)	(292)	23	27
Income tax (expense)/benefit attributable to policyholders (BOP relevant)	(141)	(137)	–	–
Business operating profit before non-controlling interests	1,746	1,416	57	108
Non-controlling interests	171	148	–	–
Business operating profit	**1,575**	**1,268**	**57**	**108**

Asia Pacific		Latin America		Group Reinsurance		Eliminations		Total	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
2,302	2,258	2,687	2,637	27	30	(43)	(35)	11,700	10,996
(2,009)	(1,919)	(2,060)	(2,047)	(15)	(10)	36	11	(9,130)	(8,458)
17	(46)	(33)	(34)	(8)	(7)	7	24	(161)	(256)
310	293	594	557	4	13	–	–	2,409	2,281
240	224	437	478	–	–	(1)	(1)	2,992	2,924
(6)	–	(33)	63	(3)	(12)	–	–	(121)	(156)
234	224	404	542	(3)	(12)	(1)	(1)	2,871	2,768
65	54	35	16	–	–	–	–	1,260	1,160
(47)	(33)	–	–	–	–	–	–	(842)	(733)
(184)	(156)	(271)	(340)	–	(1)	–	–	(2,685)	(2,603)
67	89	168	218	(3)	(13)	(1)	(1)	604	592
43	60	20	18	–	–	–	–	951	880
(8)	(17)	(13)	(13)	–	–	–	–	(646)	(624)
35	43	7	5	–	–	–	–	306	256
17	15	25	20	3	5	–	–	259	180
(38)	(18)	(3)	(3)	–	–	1	1	(53)	(36)
(136)	(141)	(108)	(149)	–	–	–	–	(701)	(689)
6	23	(26)	42	–	–	–	–	44	75
(151)	(120)	(111)	(90)	2	5	1	1	(451)	(469)
(20)	(31)	(1)	(2)	–	–	–	–	(163)	(170)
242	274	657	687	3	5	–	–	2,705	2,490
(1)	(1)	300	283	–	–	–	–	470	430
243	**275**	**357**	**404**	**3**	**5**	**–**	**–**	**2,235**	**2,060**

Table 26.3

Business operating profit by business

in USD millions, for the years ended December 31

	Property & Casualty		Life	
	2024	2023	**2024**	2023
Insurance revenue	44,792	42,293	11,700	10,996
Insurance service expense	(38,479)	(36,454)	(9,130)	(8,458)
Net expenses from reinsurance contracts held	(2,812)	(2,653)	(161)	(256)
Insurance service result	3,500	3,186	2,409	2,281
Net investment income on Group investments	2,503	2,191	2,992	2,924
Net capital gains/(losses) on Group investments	269	225	(121)	(156)
Net investment result on Group investments	2,772	2,416	2,871	2,768
Net investment income on unit-linked investments	–	–	1,260	1,160
Change in liabilities for investment contracts and other funds	–	–	(842)	(733)
Re-/Insurance finance income/(expenses)	(1,233)	(887)	(2,685)	(2,603)
Net investment result	1,539	1,529	604	592
Fee income	483	476	951	880
Fee business expenses	(385)	(361)	(646)	(624)
Fee result	98	115	306	256
Other revenues	461	373	259	180
Interest expense on debt	(80)	(71)	(53)	(36)
Other expenses	(1,471)	(1,442)	(701)	(689)
Restructuring costs and other items not included in BOP	311	334	44	75
Other result	(779)	(807)	(451)	(469)
Income tax (expense)/benefit attributable to policyholders (BOP relevant)	(5)	(2)	(163)	(170)
Business operating profit before non-controlling interests	4,353	4,020	2,705	2,490
Non-controlling interests	149	127	470	430
Business operating profit	**4,204**	**3,893**	**2,235**	**2,060**

Farmers		Group Functions and Operations		Non-Core Businesses		Eliminations		Total	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
2,941	2,553	–	293	97	98	(22)	(135)	59,507	56,099
(2,525)	(2,190)	–	(296)	(338)	(131)	16	107	(50,456)	(47,422)
(209)	(131)	–	–	144	32	7	28	(3,031)	(2,981)
208	233	–	(2)	(97)	(1)	–	–	6,020	5,696
46	146	238	135	148	145	(197)	(160)	5,730	5,382
(4)	7	156	142	(60)	16	–	–	241	234
43	153	394	277	88	162	(197)	(160)	5,972	5,616
64	47	–	–	–	–	–	–	1,325	1,207
(2)	(1)	–	–	(7)	(8)	–	–	(851)	(742)
(47)	(16)	–	(2)	(36)	(122)	–	–	(4,002)	(3,631)
58	182	394	275	45	32	(197)	(160)	2,443	2,450
4,577	4,529	(1)	–	–	–	–	–	6,011	5,885
(2,535)	(2,586)	–	(1)	–	–	(9)	(9)	(3,575)	(3,583)
2,042	1,942	(1)	(1)	–	–	(9)	(9)	2,436	2,303
67	33	251	216	24	21	(703)	(613)	358	210
(7)	(2)	(736)	(721)	(63)	(58)	499	432	(440)	(456)
(152)	(242)	(850)	(671)	(101)	(32)	411	350	(2,864)	(2,727)
70	150	71	75	87	–	–	–	584	634
(22)	(61)	(1,264)	(1,101)	(52)	(70)	206	169	(2,362)	(2,339)
–	–	–	–	–	–	–	–	(168)	(172)
2,286	2,296	(870)	(830)	(104)	(38)	–	–	8,370	7,938
–	–	–	–	–	–	–	–	619	557
2,286	**2,296**	**(870)**	**(830)**	**(104)**	**(38)**	**–**	**–**	**7,751**	**7,381**

Reconciliation of BOP to net income after income taxes

Table 26.4

in USD millions, for the years ended December 31

	Property & Casualty		Life	
	2024	2023	**2024**	2023
Business operating profit net	**4,204**	**3,893**	**2,235**	**2,060**
Revenues/(expenses) not included in BOP:				
Net capital gains/(losses) on Group investments	567	(130)	325	(200)
Net capital gains/(losses) on unit-linked investments	–	–	14,579	12,426
Change in liabilities for investment contracts and other funds	–	–	(7,261)	(5,637)
Re-/insurance finance income/(expenses)	–	–	(7,775)	(6,769)
Net gains/(losses) on divestment of businesses[1]	16	–	98	(116)
Restructuring costs	(234)	(211)	(33)	(34)
Other adjustments[2]	(77)	(123)	(11)	(42)
Add back:				
Business operating profit attributable to non-controlling interests	149	127	470	430
Net income before shareholders' taxes	4,625	3,557	2,628	2,119
Income tax expense/(benefit) attributable to policyholders (BOP relevant)	5	2	163	170
Net income before income taxes	**4,630**	**3,559**	**2,790**	**2,289**
Income tax (expense)/benefit				
attributable to policyholders				
attributable to shareholders				
Net income after taxes				
attributable to non-controlling interests				
attributable to shareholders				

1 In 2024, gains and losses on divestment included gains of USD 27 million related to the reversal of the amounts previously held for sale regarding the legacy traditional life insurance book of Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft, losses of USD 13 million as Zurich Investments Life S.p.A. agreed to sell part of its life and pension back book and gains of USD 84 million as Inversiones Suizo-Chilena S.A. agreed to sell the annuity book of Zurich Chile Seguros de Vida S.A. (see note 4). In 2023, Life included losses of USD 15 million as Zurich Investments Life S.p.A. agreed to sell part of its life and pension back book, losses of USD 2 million as Inversiones Suizo-Chilena S.A. agreed to sell the annuity book of Zurich Chile Seguros de Vida S.A. and losses of USD 99 million as Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft agreed to sell its legacy traditional life insurance back book (see note 4).
2 Other adjustments in 2024 include amortization of intangibles from business combinations, charitable contributions and litigation costs. Other adjustments in 2023 include charges related to the implementation of IFRS 17, charitable contributions and litigation costs.

	Farmers		Group Functions and Operations		Non-Core Businesses		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	2,286	**2,296**	**(870)**	**(830)**	**(104)**	**(38)**	**7,751**	**7,381**
	(2)	(479)	(25)	(128)	(22)	8	843	(930)
	158	182	–	–	322	377	15,059	12,984
	–	–	–	–	–	–	(7,261)	(5,637)
	(158)	(180)	–	–	(310)	(383)	(8,242)	(7,332)
	–	–	(1)	12	–	–	114	(104)
	(4)	(75)	(6)	(7)	–	–	(277)	(327)
	(66)	(75)	(65)	(68)	(87)	–	(307)	(307)
	–	–	–	–	–	–	619	557
	2,214	1,669	(968)	(1,021)	(201)	(37)	8,298	6,286
	–	–	–	–	–	–	168	172
	2,214	**1,669**	**(968)**	**(1,021)**	**(201)**	**(37)**	**8,465**	**6,458**
							(2,261)	(1,741)
							(179)	(172)
							(2,082)	(1,568)
							6,204	**4,717**
							390	366
							5,814	4,351

Assets and liabilities by business

Table 26.5

in USD millions, as of December 31

	Property & Casualty		Life	
	2024	2023	**2024**	2023
Assets				
Cash and cash equivalents	7,468	7,175	4,614	4,866
Total Group investments	68,038	68,102	80,027	67,878
Equity securities	8,796	8,445	5,243	4,661
Debt securities	49,404	49,527	60,194	47,399
Investment property	4,573	5,047	7,061	8,454
Mortgage loans	865	964	3,182	3,360
Other financial assets	4,396	4,116	4,324	3,979
Investments in associates and joint ventures	5	3	24	26
Investments for unit-linked contracts	–	–	144,343	137,249
Total investments	68,038	68,102	224,370	205,127
Insurance contract assets	342	357	426	223
Reinsurance contract assets	13,264	13,569	3,004	3,197
Goodwill	2,245	1,855	1,286	1,412
Other intangible assets	1,382	1,453	1,430	1,597
Other assets[1]	6,854	7,207	5,287	27,843
Total assets (after cons. of investments in subsidiaries)	**99,594**	**99,718**	**240,419**	**244,264**
Liabilities				
Liabilities for investment contracts	–	–	66,364	60,115
Insurance contract liabilities	63,083	63,252	154,192	140,897
Reinsurance contract liabilities	14	19	332	347
Other liabilities[2]	11,715	11,848	7,823	30,729
Senior debt	987	1,163	–	402
Subordinated debt	901	917	601	611
Total liabilities	**76,700**	**77,199**	**229,312**	**233,102**
Equity				
Shareholders' equity				
Non-controlling interests				
Total equity				
Total liabilities and equity				
Supplementary information				
Additions and capital improvements to property, equipment and intangible assets	887	312	61	58

1 As of December 31, 2024, the Group had USD 1.2 billion of assets held for sale based on agreements signed to sell portfolios of Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4). In addition, assets held for sale included land and buildings formerly classified as investment property of USD 48 million. In 2023, the Group had USD 23.8 billion of assets held for sale based on agreements signed to sell portfolios of Zurich Deutscher Herold LebensversicherungAktiengesellschaft, Zurich Chile Seguros de Vida S.A., Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4). In addition, assets held for sale included land and buildings formerly classified as investment property of USD 2 million.

2 As of December 31, 2024, the Group had USD 1.2 billion of liabilities held for sale based on agreements signed to sell portfolios of Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4). In 2023, the Group had USD 23.9 billion of liabilities held for sale based on agreements signed to sell portfolios of Zurich Deutscher Herold LebensversicherungAktiengesellschaft, Zurich Chile Seguros de Vida S.A., Zurich Insurance plc (now known as Zurich Insurance Europe AG) and Zurich Insurance Company Ltd, UK Branch (see note 4).

Farmers		Group Functions and Operations		Non-Core Businesses		Eliminations		Total	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
914	2,633	2,829	3,142	558	392	(9,615)	(10,927)	6,768	7,280
1,163	1,172	7,074	8,204	3,707	4,174	(7,447)	(8,564)	152,562	140,966
57	29	24	21	61	61	–	–	14,182	13,217
1,068	1,023	4,255	4,149	3,494	3,826	–	–	118,415	105,924
30	113	–	–	70	70	–	–	11,734	13,684
–	–	–	–	–	–	–	–	4,047	4,324
7	7	2,677	3,987	82	157	(7,447)	(8,564)	4,039	3,682
–	–	117	46	–	60	–	–	146	135
1,422	1,245	–	–	2,769	2,650	–	–	148,535	141,144
2,586	2,417	7,074	8,204	6,477	6,825	(7,447)	(8,564)	301,098	282,110
–	–	–	–	–	–	–	–	768	580
3,125	3,094	–	–	2,089	2,115	(33)	(33)	21,450	21,942
1,264	1,264	10	10	–	–	–	–	4,805	4,541
1,118	1,232	46	55	–	–	–	–	3,977	4,337
3,550	3,591	4,219	2,931	2,176	2,227	(2,946)	(3,208)	19,140	40,591
12,555	**14,231**	**14,178**	**14,343**	**11,300**	**11,558**	**(20,040)**	**(22,731)**	**358,005**	**361,382**
40	42	–	–	103	113	–	–	66,507	60,270
5,579	5,355	3	3	7,652	7,488	(30)	(33)	230,479	216,962
91	138	–	–	–	–	–	–	437	504
1,398	1,433	9,998	10,757	2,492	3,101	(12,673)	(14,251)	20,753	43,617
–	–	7,537	8,504	324	292	(4,828)	(5,171)	4,020	5,190
–	760	9,880	9,548	–	–	(2,511)	(3,277)	8,871	8,559
7,108	**7,728**	**27,417**	**28,812**	**10,572**	**10,994**	**(20,042)**	**(22,733)**	**331,067**	**335,102**
								25,472	24,860
								1,466	1,419
								26,938	26,280
								358,005	**361,382**
45	664	13	79	–	–	–	(61)	1,005	1,051

Table 26.6

Property & Casualty – Commercial and Retail Insurance overview[1]

in USD millions, for the years ended December 31	Commercial Insurance		Retail and Other Insurance	
	2024	2023	**2024**	2023
Insurance revenue	30,453	29,475	16,135	14,550
Insurance service expense	(24,936)	(23,664)	(14,635)	(13,716)
Net expenses from reinsurance contracts held	(2,948)	(3,087)	(413)	(330)
Insurance service result	2,569	2,724	1,086	503
Net investment income on Group investments	1,656	1,501	844	690
Net capital gains/(losses) on Group investments	284	258	(18)	(41)
Net investment result on Group investments	1,940	1,759	826	649
Re-/insurance finance income/(expenses)	(945)	(718)	(262)	(149)
Net investment result	995	1,041	565	500
Fee result	90	94	9	22
Other result	(267)	(286)	(526)	(534)
Income tax (expense)/benefit attributable to policyholders (BOP relevant)	–	–	(5)	(2)
Business operating profit before non-controlling interests	3,386	3,574	1,129	489
Non-controlling interests	–	–	149	127
Business operating profit	**3,387**	**3,573**	**980**	**362**

1 Commercial and Retail Insurance overview exclude Group Reinsurance and Eliminations.

Table 26.7

Property & Casualty – Revenues and non-current assets by region

in USD millions

	Insurance revenue from external customers						Property, equipment and intangible assets	
	Total for the years ended December 31		of which Commercial Insurance for the years ended December 31		of which Retail and Other Insurance for the years ended December 31		as of December 31	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Europe								
Austria	679	643					35	116
France	432	402					10	13
Germany	3,244	2,943					477	570
Italy	1,837	1,671					27	15
Ireland	654	655					49	62
Portugal	414	385					18	16
Spain	1,702	1,563					240	268
Switzerland	2,823	2,645					693	762
United Kingdom	4,393	4,012					99	119
Rest of Europe	1,166	994					193	166
Middle East & Africa								
Middle East	142	150					1	1
Europe, Middle East & Africa	17,486	16,064	6,160	5,752	11,326	10,313	1,842	2,107
North America								
Canada	997	1,022					53	36
United States	19,439	19,065					997	1,065
North America	20,437	20,088	20,437	20,088	–	–	1,050	1,101
Asia-Pacific								
Australia	1,270	1,192					664	741
Hong Kong	385	363					44	45
Japan	824	807					10	10
Malaysia	468	410					49	49
Rest of Asia-Pacific	745	574					781	251
Asia-Pacific	3,692	3,346	991	965	2,702	2,381	1,546	1,096
Latin America								
Argentina	622	326					248	163
Brazil	1,098	1,062					86	110
Chile	380	424					18	14
Mexico	850	767					114	148
Rest of Latin America	237	232					49	51
Latin America	3,187	2,812	1,071	948	2,116	1,864	515	487
Group Reinsurance	7	8	–	–	7	8	1	1
Total	**44,809**	**42,318**	**28,659**	**27,752**	**16,150**	**14,567**	**4,955**	**4,793**

Life – Revenues and non-current assets by region

Table 26.8

in USD millions	Insurance Revenue from external customer for the years ended December 31		Property/equipment and intangible assets as of December 31	
	2024	2023	**2024**	2023
Europe, Middle East & Africa				
Austria	53	47	19	6
Germany	1,194	1,107	6	7
Italy	310	273	349	366
Ireland[1]	373	347	75	85
Spain	620	610	890	953
Switzerland	1,337	1,320	3	3
United Kingdom	1,588	1,460	92	94
Zurich International Life[2]	571	627	24	28
Rest of Europe, Middle East & Africa	475	117	2	3
Europe, Middle East & Africa	6,522	5,907	1,460	1,545
North America				
United States	160	192	–	–
North America	160	192	–	–
Asia Pacific				
Australia	1,747	1,719	1,037	1,144
Hong Kong	54	54	1	2
Indonesia	27	27	–	1
Japan	281	264	9	7
Malaysia	197	195	34	33
Asia Pacific	2,306	2,259	1,081	1,186
Latin America				
Argentina	152	102	43	27
Brazil	1,388	1,411	143	198
Chile	462	502	171	218
Mexico	573	520	67	91
Uruguay	76	65	2	3
Colombia	35	37	–	–
Latin America	2,687	2,637	426	537
Total	**11,675**	**10,996**	**2,967**	**3,268**

1 Includes business written under freedom of services and freedom of establishment in Europe, and the related assets.
2 Includes business written through licenses, mainly into Asia Pacific and Middle East, and the related assets.

27. Interest in subsidiaries

Significant subsidiaries are defined as those subsidiaries which either individually or in aggregate, contribute significantly to insurance revenue, shareholders' equity, total assets or net income attributable to shareholders.

Table 27.1

Significant subsidiaries – non-listed

as of December 31, 2024	Registered office	Voting rights %	Ownership interest %	Nominal value of share capital (in local currency millions)	
Australia					
Cover-More Group Limited	Sydney	100	100	AUD	1,014.17
Zurich Australia Limited	Sydney	100	100	AUD	543.52
Zurich Australian Insurance Limited	Sydney	100	100	AUD	6.62
Zurich Financial Services Australia Limited	Sydney	100	100	AUD	2,983.02
Austria					
Zürich Versicherungs-Aktiengesellschaft	Vienna	99.98	99.98	EUR	9.75
Brazil					
Zurich Santander Brasil Seguros e Previdência S.A.[1]	Sao Paulo	51	51	BRL	2,509.18
Zurich Minas Brasil Insurance Company	Belo Horizonte	100	100	BRL	2,316.01
Zurich Reinsurance Brasil S.A.	Sao Paulo	100	100	BRL	124.00
Zurich Santander Brasil Seguros S.A	Sao Paulo	100	100	BRL	138.96
Chile					
Zurich Chile Seguros de Vida S.A.	Santiago	99.23	99.23	CLP	137,899.88
Zurich Santander Seguros de Vida Chile S.A.[1]	Santiago	51	51	CLP	24,252.93
Germany					
Deutscher Herold Aktiengesellschaft	Cologne	100	100	EUR	18.43
Zürich Beteiligungs-Aktiengesellschaft (Deutschland)	Frankfurt	100	100	EUR	152.88
Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	Cologne	100	100	EUR	68.45
Zurich Immobilien (Deutschland) AG & Co. KG	Cologne	100	100	EUR	0.002
Zurich Life Legacy Versicherung AG (Deutschland)	Cologne	100	100	EUR	54.00
Zurich Insurance Europe AG	Frankfurt	100	100	EUR	8.16
India					
Zurich Kotak General Insurance Company (India) Limited	Mumbai	70	70	INR	10,727.28
Indonesia					
PT Zurich Asuransi Indonesia Tbk	Jakarta Selatan	80	80	IDR	3,101,846.00
Ireland					
Zurich Life Assurance plc	Dublin	100	100	EUR	17.53
Zurich Holding Ireland Limited	Dublin	100	100	EUR	0.10
Italy					
Zurich Investments Life S.p.A.	Milan	100	100	EUR	207.93
Zurich Italy Bank S.p.A.	Milan	100	100	EUR	49.00
Japan					
Zurich Life Insurance Japan Company Ltd	Nakano-ku	100	100	JPN	7,316.31
Luxembourg					
Zurich (Lux) Real Estate I S.C.S. SICAV-SIF	Luxembourg	100	100	EUR	2,229.78
Malaysia					
Zurich Life Insurance Malaysia Berhad	Kuala Lumpur	100	100	MYR	579.00
Zurich Holdings Malaysia Berhad	Kuala Lumpur	100	100	MYR	878.44
Mexico					
Zurich Santander Seguros México, S.A.[1]	Mexico City	51	51	MXN	190.00

Significant subsidiaries – non-listed (continued)

Table 27.1

as of December 31, 2024

	Registered office	Voting rights %	Ownership interest %		Nominal value of share capital (in local currency millions)
Spain					
Bansabadell Pensiones, E.G.F.P, S.A.	Madrid	50	50	EUR	7.81
Bansabadell Seguros Generales, S.A. de Seguros y Reaseguros	Madrid	50	50	EUR	10.00
Bansabadell Vida S.A. de Seguros y Reaseguros	Madrid	50	50	EUR	43.86
Zurich Latin America Holding S.L. – Sociedad Unipersonal	Barcelona	100	100	EUR	43.00
Zurich Santander Holding (Spain), S.L.[1]	Boadilla del Monte	51	51	EUR	942.77
Zurich Santander Holding Dos (Spain), S.L.[1]	Boadilla del Monte	51	51	EUR	94.28
Zurich Santander Insurance America, S.L.	Boadilla del Monte	51	51	EUR	40.00
Zurich Vida, Compañía de Seguros y Reaseguros, S.A. – Sociedad Unipersonal	Madrid	100	100	EUR	56.45
Switzerland					
Zurich Finance Company Ltd	Zurich	100	100	CHF	0.20
Zurich Insurance Company Ltd	Zurich	100	100	CHF	825.00
Zurich Life Insurance Company Ltd	Zurich	100	100	CHF	60.00
Zurich Reinsurance Company Ltd	Zurich	100	100	CHF	11.68
United Kingdom					
Allied Zurich Holdings Limited	St. Hélier, Jersey	100	100	GBP	597.69
Zurich Assurance Ltd	Swindon, England	100	100	GBP	356.24
Zurich Employment Services Limited	Swindon, England	100	100	GBP	417.28
Zurich Financial Services (UKISA) Limited	Swindon, England	100	100	GBP	1,460.94
Zurich Holdings (UK) Limited	Fareham, England	100	100	GBP	318.30
Zurich International Life Limited	Douglas, Isle of Man	100	100	GBP	123.40
Zurich UK General Services Limited	Fareham, England	100	100	GBP	470.88
United States of America					
Farmers Group, Inc.[2]	Carson City, NV	100	100	USD	0.000001
Farmers Reinsurance Company[2]	Woodland Hills, CA	100	100	USD	0.0001
Farmers New World Life Insurance Company[2]	Bellevue, WA	100	100	USD	0.000001
Zurich American Insurance Company	New York, NY	100	100	USD	5.00
Zurich American Life Insurance Company	Schaumburg, IL	100	100	USD	2.50
Zurich Holding Company of America, Inc.[3]	Wilmington, DE	100	100	USD	–
Centre Group Holdings (U.S.) Limited	Wilmington, DE	100	100	USD	0.000001
ZCM (U.S.) Limited	Wilmington, DE	100	100	USD	0.000001
Zurich Structured Finance, Inc.	Wilmington, DE	100	100	USD	0.012
Kraft Lake Insurance Agency, Inc.	Grand Rapids, MI	100	100	USD	0.0001
Zurich Global LTD	Pembroke, Bermuda	100	100	USD	0.50

1 Zurich Insurance Group Ltd (ZIG) indirectly owns 51 percent.
2 The ownership percentages in Farmers Group, Inc. and its fully owned subsidiaries have been calculated based on the participation rights of Zurich Insurance Group in a situation of liquidation, dissolution or winding up of Farmers Group, Inc.
3 Shares have no nominal value in accordance with the company's articles of association and local legislation.

Due to the nature of the insurance industry, the Group's business is subject to extensive regulatory supervision, and companies in the Group are subject to numerous legal restrictions and regulations. These restrictions may refer to minimum capital requirements or the ability of the Group's subsidiaries to pay dividends imposed by regulators in the countries in which the subsidiaries operate. These are considered industry norms, generally applicable to insurers who operate in the same markets.

For Zurich Santander Insurance America, S.L. and its subsidiaries, and the Bansabadell insurance entities, certain protective rights exist, which, among others, include liquidation, material sale of assets, transactions affecting the legal ownership structure, dividend distribution and capital increase, distribution channel partnerships and governance, which are not quantifiable.

For details on the Group's capital restrictions, see the capital management section in the 2024 Risk Review, which forms an integral part of the consolidated financial statements.

Table 27.2 shows the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Non-controlling interests

Table 27.2

in USD millions, as of December 31	Zurich Santander Insurance America, S.L. and its subsidiaries		Bansabadell insurance entities	
	2024	2023	**2024**	2023
Non-controlling interests percentage	49%	49%	50%	50%
Total Investments	19,015	20,680	9,644	9,881
Other assets	1,015	1,325	1,605	1,733
Insurance and investment contract liabilities	18,362	20,048	9,056	9,431
Other liabilities	668	780	718	701
Net assets	**1,000**	**1,177**	**1,475**	**1,481**
Non-controlling interests in net assets	**490**	**577**	**737**	**741**
Insurance revenue	2,573	2,465	643	620
Net income after taxes	504	483	281	255
Other comprehensive income	(232)	86	(85)	25
Total comprehensive income	**272**	**569**	**196**	**280**
Non-controlling interests in total comprehensive income	**133**	**279**	**98**	**140**
Dividends paid to non-controlling interests	209	224	101	12

28. Events after the balance sheet date

No events after the balance sheet date.

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

Report of the statutory auditor

Shape the future with confidence

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the General Meeting of
Zurich Insurance Group Ltd, Zurich

Zurich, February 19, 2025

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Zurich Insurance Group Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and Notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 271 to 402) and the audited sections of the risk review (pages 227 to 253) give a true and fair view of the consolidated financial position of the Group as of December 31, 2024, as well as of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards* (IESBA Code)), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Shape the future with confidence

Insurance contract liabilities - Estimation of future cash outflows for Incurred but not Reported (IBNR) losses measured under the Premium Allocation Approach (PAA)

Area of focus

The Liability of Incurred Claims (LIC) reflects a current, explicit, unbiased and probability-weighted estimate of the present value of the expected future cash outflows for incurred loss and loss adjustment expense, as well as an explicit risk adjustment for non-financial risk. It is a component of the insurance contract liabilities within the consolidated balance sheet.

Expected future cash outflows for incurred loss and loss adjustment expense are made of case reserves for incurred and reported losses, and IBNR reserves for incurred but not reported losses, both of which are discounted to determine their present value.

The estimation of the IBNR reserves is a complex process, applying actuarial and statistical methods over historical data and patterns requiring the use of estimates and judgments. It requires the use of complex formulas and computational tools that may be incorrectly configured, and for which inaccurate or incomplete input data may be used.

This is specifically the case for lines of insurance business that are considered longer-tail, such as worker's compensation, general, and professional liability, and other business and specialty lines, including automotive, where certain longer-term assumptions are required as part of the projection techniques. These projection techniques also consider emerging risks, which can have a significant impact on the determination of the ultimate settlement costs, but where available data is limited, including uncertainty around claims litigation, timeliness of claims reporting, and inflation.

Additionally, the expected future cash outflows relating to the IBNR losses for catastrophes which are usually of less frequency but higher severity, are more difficult to estimate and their calculation require the use of expert judgment, especially for events taking place close to period end.

Accordingly, we have identified the expected future cash outflows for IBNR losses as a key audit matter.

The material accounting policies and critical accounting estimates and judgments regarding the IBNR reserves are described in Note 3, with additional information presented in Note 7 to the consolidated financial statements.

Shape the future with confidence

Our audit response

We obtained an understanding, evaluated the design, and tested the operating effectiveness of a sample of controls over methods selection, completeness and accuracy of the underlying data, relevant information technology and assumption setting used by management related to the estimation of the IBNR reserves.

To test the IBNR reserves, our audit procedures were executed with the assistance of our actuarial specialists and included:

- Testing the completeness and accuracy of data utilized by the Group in estimating the IBNR losses by reconciling such amounts to the underlying accounting records and performing data-enabled audit procedures and claims data plausibility checks on selected samples.
- Evaluating the actuarial methods and assessing key assumptions used within projection techniques by the Group via quantitative and qualitative analysis.
- Comparing the IBNR reserves recorded in the consolidated financial statements to our independently developed range of IBNR reserves, for certain lines of business selected based on risk.
- Evaluating the appropriateness of any significant adjustments made by management relating to the valuation of the IBNR reserves.

Finally, we assessed the adequacy of the disclosures in the Notes to the consolidated financial statements.

Shape the future with confidence

Insurance contract liabilities - Estimation of the present value of future cash flows (PVFCF) measured under the building block approach (BBA) and variable fee approach (VFA)

Area of focus The liability for remaining coverage (LRC) is a component of the insurance contract liabilities within the consolidated balance sheet and for groups of insurance contracts measured under the BBA and VFA approaches, is the total of:

- Fulfilment cash flows, which comprise of:
  - (i) estimates of the PVFCF which represents the future cash flows, adjusted to reflect the time value of money and financial risks.
  - (ii) risk adjustment for non-financial risk.
- Contractual service margin (CSM), which represents the unearned profit the Group will recognize as it provides service under the related insurance contracts.

The PVFCF are associated with significant uncertainties requiring the use of expert judgment within complex actuarial models relying on subjective assumptions in relation to future events. Key assumptions include mortality, morbidity, lapse and expense assumptions as well as modelled future decisions of management and of policyholders. Moreover, because of the long duration of many life insurance products, relatively small changes in key assumptions may have a significant impact on PVFCF.

The determination of the PVFCF requires the use of complex formulas as well as the construction of models and other computational tools that may be incorrectly designed or configured, and for which inadequate assumptions and/or incomplete or inaccurate input data may be used.

Accordingly, we have identified PVFCF within the recorded LRC as a key audit matter.

The material accounting policies and critical accounting judgments and estimates regarding the PVFCF are described in Notes 3, with additional information presented in Note 7 to the consolidated financial statements.

Shape the future with confidence

Our audit response

We obtained an understanding, evaluated the design, and tested the operating effectiveness of a sample of controls over methods selection, completeness and accuracy of the underlying data, relevant information technology, assumption setting, and the models used by management related to the estimation of the PVFCF.

To test the PVFCF, our audit procedures were executed with the assistance of our actuarial specialists and included, for certain lines of insurance business selected based on risk:

- Testing of the completeness and accuracy of data, including in-force policyholder data as utilized by the Group to value estimated future cash flows by reconciling such amounts to the underlying accounting records.
- Assessing key best estimate assumptions used in selected actuarial models via quantitative and qualitative analysis, including considerations of their reasonableness based on studies of the historical experience of key data points such as claims and lapses, our knowledge of the Group and local markets, products offered, publicly available market and macroeconomic data.
- Reviewing a sample of experience studies supporting specific assumptions.
- Challenging the nature, timing and completeness of changes in key assumptions, models and methods and assessing whether individual changes were corrections of prior period errors or refinements of estimates.
- Testing the models used through review of the calculation logic on a sample basis as well as through performing independent calculations of the PVFCF and comparing the results to those of the Group.
- Performing analytical review procedures, including period-to-period analysis of changes in the PVFCF and assessing whether such changes appropriately reflect current period facts and circumstances.

Finally, we assessed the adequacy of the disclosures in the Notes to the consolidated financial statements.

Shape the future with confidence

Recoverability of goodwill and attorney-in-fact contracts (AIF)

Area of focus

Goodwill and AIF are allocated to the cash-generating units (CGUs) that are identified at the segment level. Management tests goodwill and AIF for impairment annually, or more frequently if there are indications that the amount of goodwill and AIF is not recoverable.

Estimation of the recoverable amount requires management to use complex models, expert judgment, and is based on subjective assumptions, particularly in respect of projections of future income based on prospective business plans, perpetual growth rates, and discount rates.

Accordingly, we deem the measurement of the recoverable amount of goodwill and the AIF contract intangibles to be a key audit matter.

The material accounting policies and critical accounting judgments and estimates related to goodwill and AIF are disclosed in Note 3, with additional information presented in Note 13 to the consolidated financial statements.

Our audit response

We obtained an understanding and evaluated the design of controls over the model used and key assumptions.

To test the recoverability of goodwill and AIF, our audit procedures included:

- Assessing, with assistance of our valuation specialists, the valuation methods used and the reasonableness of the key assumptions within these models, i.e., discount rates, perpetual growth rates and tax rate.
- Evaluating whether the goodwill and AIF allocation to CGUs as identified by management is supportable.
- Performing risk-based substantive procedures for selected CGUs regarding key assumptions, including evaluating:
  - consistency of projected future cash flows with management's most recent estimates, including those used in the Group's planning process;
  - assumptions made with respect to projected future cash flows and whether they are reasonable in terms of the applicable CGU's economic and financial outlook, including the impacts of the current macro-economic environment;
  - comparison of actual results versus historically projected financial information;
  - completeness and accuracy of data used by management to project future cash flows; and
  - sensitivity analysis performed by management.
- Analyzing the recoverable amounts against market capitalization to corroborate fair value estimates.

Finally, we assessed the adequacy of the disclosures in the Notes to the consolidated financial statements.

Shape the future with confidence

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Shape the future with confidence

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Isabelle Santenac
Licensed audit expert
(Auditor in charge)

David Jewell
Fellow of the Institute of Chartered Accountants
(Aust & NZ)

Holding company

Contents

Income statements	413
Balance sheets	414
Notes to the financial statements	415
Proposed appropriation of available earnings	420
Report of the statutory auditor	422

Review of the year

Net income after taxes for Zurich Insurance Group Ltd amounted to CHF 4,909 million in 2024 compared with CHF 5,245 million in 2023. The decrease was mainly driven by a lower dividend income from its subsidiary Zurich Insurance Company Ltd of CHF 4,800 million in 2024 compared to CHF 5,170 million in 2023.

Shareholders' equity increased by CHF 53 million to CHF 13,540 million as of December 31, 2024, from CHF 13,488 million as of December 31, 2023. The increase was mainly driven by the net income after taxes for the year 2024 of CHF 4,909 million. This was partially offset by the dividend of CHF 3,756 million paid in 2024 out of available earnings as well as by the public share buyback program of 2,221,529 shares for a total purchase value of CHF 1,100 million in 2024, which started on June 17, 2024, and was completed on October 30, 2024.

The Board of Directors proposes to the Annual General Meeting, which is to be held on April 9, 2025, to distribute a dividend of CHF 28.00 gross per share from the available earnings for 2024.

Income statements

in CHF thousands, for the years ended December 31	Notes	**2024**	2023
Other operating income		6	12
Other operating expenses	4	(14,043)	(40,552)
Depreciation and valuation adjustments to non-current assets	9	(2,200)	(2,500)
Financial income	5	4,943,287	5,308,801
Dividend income		*4,802,304*	*5,170,000*
Interest income		*140,798*	*138,801*
Other financial income		*185*	–
Financial expenses		–	(5,508)
Direct taxes	6	(18,100)	(15,229)
Net income after taxes		**4,908,950**	**5,245,024**

Balance sheets

Assets

in CHF thousands, as of December 31	Notes	2024	2023
Current assets			
Cash and cash equivalents	18	336	334
Receivables from subsidiaries	7	65,799	7,667
Receivables from third parties		4,403	4,784
Accrued income and prepaid expenses from subsidiaries		91,439	91,443
Total current assets		161,977	104,229
Non-current assets			
Subordinated loans to subsidiaries	8	2,132,405	2,132,405
Investments in subsidiaries	9	11,259,068	11,261,268
Total non-current assets		13,391,474	13,393,674
Total assets		**13,553,450**	**13,497,902**

Liabilities and shareholders' equity

in CHF thousands, as of December 31	Notes	2024	2023
Short-term liabilities			
Other liabilities to subsidiaries		–	2
Other liabilities to third parties	10	10,868	8,270
Other liabilities to shareholders		2,142	1,990
Accrued expenses and deferred income to subsidiaries		–	–
Accrued expenses and deferred income to third parties		–	21
Total short-term liabilities		13,009	10,282
Total liabilities		**13,009**	**10,282**
Shareholders' equity (before appropriation of available earnings)			
Share capital	12	14,636	14,636
Legal reserves:		939,125	1,159,495
Capital contribution reserve	*13*	*264,208*	*264,208*
General capital contribution reserve		*6,240*	*6,225*
Reserve for treasury shares (indirectly held via subsidiaries)	*14*	*257,968*	*257,983*
General legal reserve		*674,916*	*895,287*
General legal reserve		*341,140*	*341,140*
Reserve for treasury shares (indirectly held via subsidiaries)	*14*	*333,776*	*554,147*
Treasury shares (directly held by the Company)	12	(1,100,299)	–
Free reserve	15	346,869	346,869
Retained earnings:			
As of January 1		*11,966,620*	*12,145,587*
Dividends paid		*(3,755,831)*	*(3,507,283)*
Cancellation of treasury shares (directly held by the Company)	*12*	–	*(1,799,827)*
Net income after taxes		*4,908,950*	*5,245,024*
Allocation from/to reserve for treasury shares (indirectly held via subsidiaries)		*220,371*	*(116,880)*
Retained earnings, as of December 31		13,340,110	11,966,620
Total shareholders' equity (before appropriation of available earnings)		13,540,441	13,487,620
Total liabilities and shareholders' equity		**13,553,450**	**13,497,902**

Notes to the financial statements

1. General information

Zurich Insurance Group Ltd (the Company or ZIG) is a corporation domiciled in Zurich, Switzerland, and its shares are listed on the SIX Swiss Exchange. It was incorporated on April 26, 2000, and is the holding company of the Zurich Insurance Group (Group) with the principal activity of holding subsidiary companies. The Company does not employ staff, as employees work in a joint capacity for Zurich Insurance Company Ltd (ZIC).

2. Basis of presentation

The Company presents its financial statements in accordance with Swiss law.

All amounts in these financial statements, including the notes, are shown in Swiss franc thousands, rounded to the nearest thousand, unless otherwise specified. All variances are calculated using the actual figures rather than the rounded amounts.

3. Summary of significant accounting policies

a) Exchange rates

Unless otherwise stated, assets and liabilities expressed in currencies other than Swiss francs are translated at end-of-period exchange rates. Revenues and expenses are translated using the exchange rate at the date of the transaction. Net unrealized exchange losses are recorded in the income statements and net unrealized exchange gains are deferred until realized.

b) Investments in subsidiaries

Investments in subsidiaries are equity interests, held on a long-term basis for the purpose of the Company's business activities. Each investment in subsidiaries is valued individually and carried at its cost less adjustments for impairments.

c) Accrued income

Income is accrued for interest which is earned but not yet due for payment at the end of the reporting period.

d) Reserves for treasury shares (indirectly held via subsidiaries)

Reserves for treasury shares are accounted for at the acquisition costs of these shares held by the respective subsidiary.

e) Treasury shares (directly held by the Company)

On October 30, 2024, the Company completed the public share buyback program of up to CHF 1.1 billion, which was launched on June 17, 2024. Until completion of the program, the Company repurchased on a second trading line on the SIX Swiss Exchange a total of 2,221,529 of its shares, having a total purchase value of CHF 1.1 billion. The repurchased shares shall be cancelled using the capital band (Art. 5bis of the Articles of Association).

As of December 31, 2024, treasury shares directly held by the Company are carried at acquisition cost and presented as a deduction in the shareholders' equity.

4. Other operating expenses

Other operating expenses for the year were CHF 14.0 million compared with CHF 40.6 million in 2023. The decrease of CHF 26.5 million was mainly due to the Company making no charitable contribution to the Z Zurich Foundation, while there was a contribution of CHF 29.5 million in 2023. In addition, Board member fees amounting to CHF 5.8 million are included in this line item for the years ended December 31, 2024, and December 31, 2023, respectively. Overhead expenses increased by CHF 4.1 million to CHF 5.5 million in 2024. Furthermore, fees paid to the Swiss Financial Market Supervisory Authority FINMA of CHF 1.9 million and CHF 2.9 million are included for the years ended December 31, 2024, and December 31, 2023, respectively.

5. Financial income

Financial income for the year 2024 mainly consists of dividend income of CHF 4,802 million primarily received from the Company's subsidiary ZIC and interest income of CHF 134.3 million on the subordinated loan with ZIC. This interest income is recognized when ZIC declares its intention to pay a dividend to the Company.

6. Direct taxes

Direct taxes include Swiss income and capital tax expense.

7. Receivables from subsidiaries

Receivables from subsidiaries include intragroup balances related to the Group's internal cash pooling facility in the amount of CHF 65.8 million and CHF 7.7 million for the years ended December 31, 2024, and December 31, 2023, respectively. The increase in 2024 is driven by the receipt of the dividend and interest income from ZIC of CHF 4,934 million, partially offset by the dividend paid out of available earnings totaling to CHF 3,756 million and the cash payment as consideration for the public share buyback program in 2024 of CHF 1,100 million.

8. Subordinated loans to subsidiaries

Subordinated loans include a loan to ZIC of CHF 2,132 million as of December 31, 2024, and December 31, 2023, respectively.

9. Investments in subsidiaries

Investments in subsidiaries

as of December 31	2024			2023		
	Carrying value[1]	**Voting rights in %**	**Capital rights in %**	Carrying value[1]	Voting rights in %	Capital rights in %
Zurich Insurance Company Ltd	11,088,466	100.0	100.0	11,088,466	100.0	100.0
Zurich Financial Services EUB Holdings Limited	12,436	99.9	99.9	14,636	99.9	99.9
Farmers Group, Inc.	157,992	12.1	4.6	157,992	12.1	4.6
Allied Zurich Limited	175	100.0	100.0	175	100.0	100.0
Total	**11,259,068**			**11,261,268**		

1 in CHF thousands.

The investment in Zurich Financial Services EUB Holdings Limited was impaired by CHF 2.2 million in 2024 compared with CHF 2.5 million in 2023.

In addition to the above mentioned directly held subsidiaries, the Company indirectly owns additional subsidiaries primarily through ZIC. Information regarding indirectly owned subsidiaries is included on pages 399 to 400 of this Annual Report.

10. Other liabilities to third parties

Other liabilities to third parties mainly consist of tax payables of CHF 10.5 million and CHF 7.8 million for the years ended December 31, 2024, and December 31, 2023, respectively.

11. Commitments and contingencies

The Company has entered into support agreements and guarantees for the benefit of certain of its subsidiaries. They amounted to CHF 809 million as of December 31, 2024, and CHF 765 million as of December 31, 2023. The increase is solely due to the foreign exchange effect. Furthermore, the Company has issued an unlimited guarantee in favor of the Institute of London Underwriters in relation to a run-off business transferred to Zurich Insurance Europe AG (formerly known as Zurich Insurance plc) and to ZIC from a Group company which no longer has insurance licenses.

The Company is not aware of any event of default that would require it to satisfy any of these guarantees or to take action under a support agreement.

12. Share capital

a) Changes to the share capital

On April 6, 2023, the Annual General Meeting (AGM) of the Company approved a capital band as replacement of the authorized share capital (Art. 5bis of the Articles of Association). From April 2021 until April 6, 2023, the authorized share capital (former Art. 5bis of the Articles of Association) was comprised of 44,882,400 shares. The capital band parameters, which are in force since April 6, 2023, until and including April 6, 2028, are described in section b) below. Since April 2021, the contingent share capital for Financial Instruments (Art. 5ter 1a of the Articles of Association; term as defined in section b) below) is comprised of 29,921,600 shares. As of December 31, 2024, and as of December 31, 2023, the contingent share capital for Group employees (Art. 5ter 2a of the Articles of Association) was comprised of 4,095,092 shares. During the years 2024 and 2023, no shares were issued to Group employees out of the contingent share capital.

On October 30, 2024, the Company completed the public share buyback program of up to CHF 1.1 billion, which was launched on June 17, 2024. Until completion of the program, the Company repurchased on a second trading line on the SIX Swiss Exchange a total of 2,221,529 of its shares, having a total purchase value of CHF 1.1 billion. The repurchased shares shall be cancelled using the capital band (Art. 5bis of the Articles of Association). For further information, see the audited consolidated financial statements, note 18 on pages 355 to 357 of this Annual Report.

b) Capital band (as specified in Art. 5bis of the Articles of Association)

On April 6, 2023, the AGM approved a capital band as replacement of the authorized share capital. Until and including April 6, 2028, the Board of Directors of the Company is authorized to conduct one or more increases and/or reductions of the share capital within the upper limit of CHF 18,917,751.50, corresponding to 189,177,515 registered shares with a nominal value of CHF 0.10 each, and the lower limit of CHF 13,541,415.00, corresponding to 135,414,150 registered shares with a nominal value of CHF 0.10 each. In case of a capital increase, the Board of Directors would determine the number of shares, the date of issue of any such new shares, the issue price, type of contributions (including cash contributions, contributions in kind, set-off and conversion of freely usable reserves, including retained earnings, into share capital), the conditions of exercising subscription rights, and the beginning of the dividend entitlement.

The Board of Directors may issue such new shares by means of a firm underwriting by a financial institution, a syndicate of financial institutions or another third party and with a subsequent offer of those shares to the current shareholders. The Board of Directors is authorized to restrict or to prohibit trading in the subscription rights to the new shares and may allow the expiry of subscription rights which have not been exercised, or it may place these rights as well as shares, the subscription rights which have not been exercised, at market conditions, or use them otherwise in the interest of the Company.

The Board of Directors is further authorized to restrict or exclude the subscription rights and to allocate them to individual shareholders, third parties, the Company or one of its group companies for one or more increases up to a maximum of 14,600,000 shares, if the shares are to be used:

- for the take-over of an enterprise, of parts of an enterprise or of participations or for investments by the Company or one of its group companies, or the financing including refinancing of such transactions;
- for the purpose of expanding the scope of shareholders in connection with the listing of shares on foreign stock exchanges or issuance of shares on the national or international capital markets (including private placements to one or more selected investors);
- for the conversion of loans, bonds, similar debt instruments, equity-linked instruments or other financial market instruments (collectively, the 'Financial Instruments') issued by the Company or one of its group companies; or
- for the improvement of the regulatory and/or the rating capital position of the Company or one of its group companies in a fast and expeditious manner.

In case of a capital reduction, the Board of Directors shall, to the extent necessary, determine the number of shares to be cancelled and the use of the reduction amount. The acquisition and holding of shares repurchased for purposes of cancellation under the capital band are not subject to the 10% threshold for treasury shares within the meaning of art. 659 para. 2 of the Swiss Code of Obligations.

The Board of Directors is further authorized to carry out a capital increase by increase of the nominal value or a capital reduction by reduction of the nominal value within the capital band or to carry out a simultaneous reduction and re-increase. In the case of an increase or reduction of the nominal value, the Board of Directors shall determine the new nominal value of the shares and shall adapt all provisions of the Articles of Association relating to the nominal value of a share as well as the number of shares with a new nominal value corresponding to the fixed upper and lower limit of the capital band pursuant to art. 5bis para. 1 accordingly.

Up to and including April 6, 2028, the total of new shares issued from (i) the capital band where the subscription rights were restricted or excluded, and (ii) the contingent share capital in connection with Financial Instruments where the advance subscription rights were restricted or excluded, may not exceed 14,600,000 new shares.

c) Contingent share capital (as specified in Art. 5ter of the Articles of Association)

Financial Instruments

The share capital of the Company may be increased by an amount not exceeding CHF 2,992,160 by issuing of up to 29,921,600 fully paid-in registered shares with a nominal value of CHF 0.10 each by the voluntary or mandatory exercise of conversion and/or option rights which are granted in connection with the issuance of Financial Instruments by the Company or one of its group companies or by mandatory conversion of Financial Instruments issued by the Company or one of its group companies, that allow for contingent mandatory conversion into shares of the Company, or by exercising option rights which are granted to the shareholders. The subscription rights are excluded. The then-current owners of the Financial Instruments shall be entitled to subscribe for the new shares. The conversion and/or option conditions are to be determined by the Board of Directors.

The Board of Directors is authorized, when issuing Financial Instruments, to restrict or exclude the advance subscription rights in cases where they are issued:

- for the financing including refinancing of a take-over of an enterprise, of parts of an enterprise, of participations, or of investments by the Company or one of its group companies;
- on national or international capital markets (including private placements to one or more selected investors); or
- for the improvement of the regulatory and/or the rating capital position of the Company or one of its group companies in a fast and expeditious manner.

If the advance subscription rights are restricted or excluded by a resolution of the Board of Directors, the following applies: the Financial Instruments are to be issued at prevailing market conditions (including standard dilution protection clauses in accordance with market practice) and the setting of the conversion or issue price of the new shares must take due account of the stock market price of the shares and/or comparable instruments priced by the market at the time of issue or time of conversion.

The conversion rights may be exercisable during a maximum of 10 years and option rights during a maximum of seven years from the time of the respective issue; contingent conversion features may remain in place indefinitely.

Up to and including April 6, 2028, the total of new shares issued from (i) the capital band where the subscription rights were restricted or excluded, and (ii) the contingent share capital in connection with Financial Instruments where the advance subscription rights were restricted or excluded, may not exceed 14,600,000 new shares.

Employee participation

On January 1, 2024, and on January 1, 2023, the contingent share capital, to be issued to Group employees, amounted to CHF 409,509.20 or 4,095,092 fully paid registered shares with a nominal value of CHF 0.10 each.

During 2024 and 2023, no shares were issued to Group employees out of the contingent share capital. As of December 31, 2024, and as of December 31, 2023, the remaining contingent share capital available for issuance to Group employees amounted to CHF 409,509.20 or 4,095,092 fully paid-in registered shares with a nominal value of CHF 0.10 each. Subscription rights as well as advance subscription rights of the shareholders are excluded. The issuance of new shares or respective option rights to employees is subject to one or more regulations to be issued by the Board of Directors and taking into account performance, functions, levels of responsibility and criteria of profitability. New shares or option rights may be issued to employees at a price lower than that quoted on the stock exchange.

For further information, see Art. 5bis and 5ter of the Articles of Association (www.zurich.com/investor-relations/our-shares/articles-of-association).

13. Capital contribution reserve

Capital contribution reserve

in CHF thousands	2024[1]	2023[1]
As of January 1	264,208	264,208
As of December 31	**264,208**	**264,208**

1 This capital contribution reserve does not qualify as capital contribution reserve within the meaning of Art. 5 para. 1bis of the Swiss Withholding Tax Act.

14. Reserves for treasury shares (indirectly held via subsidiaries)

These reserves correspond to the purchase value of all Zurich Insurance Group Ltd shares held by subsidiaries of the Company as shown in the table below. The treasury shares directly held by the Company as of December 31, 2024, are presented as a deduction in the shareholders' equity and are not part of these reserves for treasury shares.

Reserves for treasury shares (indirectly held via subsidiaries)

	Number of shares 2024	Purchase value 2024[1]	Number of shares 2023	Purchase value 2023[1]
As of January 1	2,365,577	812,130	2,097,833	695,249
Purchases during the year	87,275	42,089	1,000,000	424,075
Sales during the year	(604,018)	(262,474)	(732,256)	(307,194)
As of December 31	**1,848,834**	**591,745**	**2,365,577**	**812,130**
Thereof held in capital contribution reserve				
As of January 1	1,057,524	257,983	1,057,524	257,983
As of December 31	**1,057,454**	**257,968**	**1,057,524**	**257,983**
Thereof held in general legal reserve				
As of January 1	1,308,053	554,147	1,040,309	437,266
As of December 31	**791,380**	**333,776**	**1,308,053**	**554,147**
Average purchase price, in CHF		482		424
Average selling price, in CHF		410		339

1 in CHF thousands.

15. Free reserve

Free reserve

in CHF thousands	2024	2023
As of January 1	346,869	346,869
As of December 31	**346,869**	**346,869**

16. Shareholdings of the members of the Board of Directors, members of the Executive Committee and other employees

The information on share and share option holdings of members of the Board of Directors, members of the Executive Committee and other employees as of December 31, 2024, as required by article 959c paragraph 2 cif 11 of the Swiss Code of Obligations, is included and audited in the remuneration report on pages 74 to 113 and note 20 of the consolidated financial statements on page 367 of this Annual Report.

17. Equity instruments allocated to the members of the Board of Directors and Executive Committee

The following table provides a summary of equity instruments allocations to the members of the Board of Directors and Executive Committee for the years ended December 31, 2024, and December 31, 2023. For more information on the incentive plans of the Group, see note 20 of the consolidated financial statements on page 367 and the remuneration report on pages 74 to 113 of this Annual Report.

Equity instruments allocated during the period

	Number allocated 2024	Value 2024[1]	Number allocated 2023	Value 2023[1]
Members of Board of Directors[2]	5,138	2,768	5,661	2,489
Members of Executive Committee[2]	46,728	25,177	50,504	22,202

1 In CHF thousands, for the years ended December 31. The values are calculated using the last available close share prices which are CHF 538.80 and CHF 439.60 for the years ended December 31, 2024, and December 31, 2023, respectively.
2 Includes Board of Directors and Executive Committee members active as of December 31, 2024, and December 31, 2023, respectively.

18. Supplementary information

Cash and cash equivalents of CHF 0.3 million represent restricted cash as of December 31, 2024, and December 31, 2023, respectively.

Proposed appropriation of available earnings

The available earnings for 2024 originate as follows:

in CHF thousands	Available earnings
Available earnings	
As of January 1, 2024	*11,966,620*
Dividends paid	*(3,755,831)*
Net income after taxes	*4,908,950*
Allocation from reserve for treasury shares (indirectly held via subsidiaries)	*220,371*
Available earnings, as of December 31, 2024	13,340,110

The Board of Directors proposes to the Annual General Meeting to be held on April 9, 2025, to appropriate the available earnings as follows:

in CHF thousands	Available earnings
Appropriation of available earnings	
As of December 31, 2024	13,340,110
Dividend of CHF 28.00 gross per share[1]	(4,097,961)
Balance carried forward[1]	9,242,149

1 These figures are based on the share capital issued on December 31, 2024, of CHF 14,635,575.40 divided into 146,355,754 registered shares with a nominal value of CHF 0.10 each, and may change depending on the number of shares issued on April 14, 2025. No dividend will be declared on treasury shares held by Zurich or its wholly-owned subsidiaries.

If this proposal is approved, the dividend, less 35 percent Swiss withholding tax, will be paid as from April 15, 2025.

Zurich, February 19, 2025

On behalf of the Board of Directors of Zurich Insurance Group Ltd

Michel M. Liès

THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK

Report of the statutory auditor

Shape the future with confidence

Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
www.ey.com/en_ch

To the General Meeting of
Zurich Insurance Group Ltd, Zurich

Zurich, February 19, 2025

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Zurich Insurance Group Ltd (hereinafter "the Company"), which comprise the balance sheet as of December 31, 2024, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 413 to 419) comply with Swiss law and the Company's articles of association.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements (pages 413 to 419).

Shape the future with confidence

Recoverability of investments in subsidiaries

Area of focus

We consider the investments in subsidiaries to be a key audit matter not only due to the judgment involved but also based on the magnitude of the balance, which makes up a significant part of the Company's total assets.

Investments in subsidiaries are carried at cost less necessary impairments. The need for impairment is assessed on an individual basis.

The Company compares the carrying value of the individual subsidiaries to its IFRS Net Asset Value as of December 31, 2024 to identify any impairment triggers.

Estimation of the recoverable amount requires management to use assumptions about the profitability of the underlying business and growth.

Accordingly, we have identified this as a key audit matter.

Refer to Note 3, para b) ("Summary of significant accounting policies") and Note 9 ("Investments in subsidiaries") to the 2024 financial statements.

Our audit response

We obtained an understanding of management's process and controls and assessed the design effectiveness of selected key controls over the recoverability of the carrying value of investments in subsidiaries.

In addition, we performed the following substantive testing procedures:

- Assessing the appropriateness of the Company's impairment testing methodology.
- Testing the mathematical accuracy of management's calculation.
- Testing the reasonableness of the assumptions used in the impairment assessment.
- Re-performing management's impairment test on the carrying value of all investments in subsidiaries and challenging the impairment decisions taken.

Finally, we assessed the appropriateness of the accounting policies used and adequacy of the disclosures in the statutory financial statements.

Shape the future with confidence

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Shape the future with confidence

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and SA-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of association. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Isabelle Santenac
Licensed audit expert
(Auditor in charge)

David Jewell
Fellow of the Institute of Chartered Accountants
(Aust & NZ)

Shareholder information

Zurich Insurance Group Ltd registered share data

Zurich shares

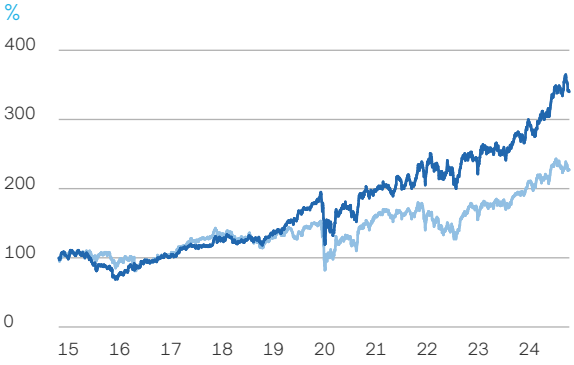
Zurich had a market capitalization of CHF 79 billion on December 31, 2024. The shares are listed on the SIX Swiss Exchange and traded on the SIX Swiss Exchange blue chip segment; ticker symbol: ZURN; the Swiss security number (Valorennummer) is 1107539. Trading in Zurich Insurance Group Ltd shares on the blue chip segment is conducted in Swiss francs.

For further information about shareholders or the capital structure, please refer to the corporate governance report on page 32.

Share price performance and total shareholder return

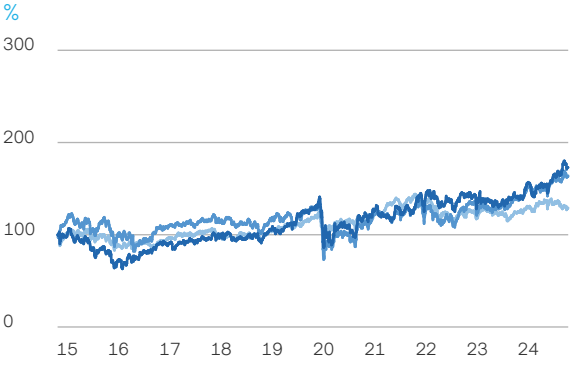
In terms of share price performance, the closing price at the end of 2024 was CHF 538.80. The lowest closing price recorded during 2024 was CHF 429.90 on February 9, and the highest closing price was CHF 562.60 on December 2.

Total shareholder return in U.S. dollars



Source: Refinitiv Datastream

Zurich share performance (indexed) over the last 10 years



Source: Refinitiv Datastream

Dividend policy

The Group intends to maintain its current attractive dividend policy and proposes a target pay-out ratio of around 75 percent of net income attributable to shareholders, subject to a minimum of the prior-year dividend per share, with dividend increases based on sustainable earnings growth.

Share data (CHF)

as of December 31	2024	2023
Dividend per share	28.00[1]	26.00
Share price at end of period	538.80	439.60
Price period high	562.60	457.90
Price period low	429.90	400.00
Market capitalization (CHF millions)	78,856	64,338

1 Proposed dividend, subject to approval by shareholders at the Annual General Meeting, expected payment date as from April 15, 2025. Gross dividend, subject to 35 percent Swiss withholding tax.

Further details are available online:
▶ www.zurich.com/investor-relations/calendar

Dividend

	Financial Year	Total dividend per registered share in CHF	Paid from available earnings in CHF[1]	Paid from capital contribution reserve in CHF	Payment date as from
Dividend	2024	28.00[2]	28.00	–	April 15, 2025[2]
Dividend	2023	26.00	26.00	–	April 16, 2024
Dividend	2022	24.00	24.00	–	April 14, 2023
Dividend	2021	22.00	20.35	1.65	April 12, 2022
Dividend	2020	20.00	20.00	–	April 13, 2021
Dividend	2019	20.00	20.00	–	April 7, 2020
Dividend	2018	19.00	19.00	–	April 9, 2019
Dividend	2017	18.00	16.60	1.40	April 10, 2018
Dividend	2016	17.00	11.30	5.70	April 4, 2017
Dividend	2015	17.00	–	17.00	April 5, 2016

1 Gross dividend, subject to 35 percent Swiss withholding tax.
2 Proposed total dividend, subject to approval by shareholders at the Annual General Meeting 2025; expected payment date as from April 15, 2025.

Acronyms and abbreviations

ABC	anti-bribery and corruption
ABCO	anti-bribery and corruption officer
ABS	asset-backed securities
ADRs	American Depositary Receipts
ADSs	American Depositary Shares
AEL	annual expected loss
AFR	available financial resources
AGM	Annual General Meeting
AI	artificial intelligence
AIAF	artificial intelligence assessment framework
AIF	attorney-in-fact
ALM	asset liability management
APAC	Asia Pacific
AuM	assets under management
BBA	building block approach
BCP	business continuity planning
BEPS	base erosion and profit shifting
BIA	business impact analysis
BOP	business operating profit
BOPAT ROE	business operating profit after tax return on equity
BX	broker experience
CAGR	compound annual growth rate
CCP	central counterparty
CCUS	carbon capture, utilization and storage
CFC	customer-facing conduct
CGU	cash-generating unit
CH	Switzerland
CLOs	collateralized loan obligations
CLP	Corporate Life & Pensions
CMI	continuous mortality investigation (pensions)
CMT	crisis management team
CO2e	carbon dioxide equivalent
COP29	29th UN Climate Change Conference, or meeting of the 'Conference of the Parties'
CoSP10	10th Conference of the States Parties to the UN Convention against Corruption
CPI	consumer price index
CRG	catastrophe response group
CSF	cyber security framework
CSM	contractual service margin
CSRD	Corporate Sustainability Reporting Directive
CTA	cumulative translation adjustments
CV	curriculum vitae
CVC	credit valuation committee
CX	customer experience
DEIB	diversity, equity, inclusion and belonging
DEUs	dividend equivalent units (incentive plans)
DMA	double materiality assessment
DOJ	Department of Justice
DPF	discretionary participation features
EAD	exposure at default
ECL	expected credit loss
EFRAG	European Financial Reporting Advisory Group
EIOPA	European Insurance and Occupational Pensions Authority
EMEA	Europe, Middle East and Africa
EMTN	Euro Medium-Term Note Programme
EMU	Economic and Monetary Union
EPS	earnings per share
ERGs	employee resource groups
ERM	Enterprise Risk Management
ESG	environmental, social and governance
ESRG	Emerging and Sustainability Risk Committee
ESRS	European Sustainability Reporting Standards
EV	electric vehicle
ExCo	Executive Committee
FAR	Financial Accounting and Reporting
FCPA	Foreign Corrupt Practices Act
FGI	Farmers Group, Inc.
FINMA	Swiss Financial Market Supervisory Authority
FPIC	free, prior and informed consent
FTE	full-time equivalent
FVOCI	fair value through other comprehensive income
FVPL	fair value through profit or loss
GBSC	Group Balance Sheet Committee
GCM	general circulation models
GDP	gross domestic product
GEM	Global Earthquake Model
GenAI	generative artificial intelligence
GFA	gross floor area
GHG	greenhouse gas
GloBE	global anti-base erosion model
GNSC	Governance, Nominations and Sustainability Committee
GRC	Group Risk Committee
GRI	Global Reporting Intiative
HtC	held to collect contractual cash flows
HtC&S	held to collect contractual cash flows and for sale
IACF	insurance acquisition cash flows
IAE	insurance-associated emissions
IAS	International Accounting Standards
IBNR	incurred but not reported
ICIF	internal control integrated framework
ICR	issuer credit rating
IEA	International Energy Agency
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IFSR	insurance financial strength rating
IIR	income inclusion rule
ILG	investment leaders group

IPEV	international private equity and venture capital valuation
ISA	International Standards on Auditing
ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number
KPIs	key performance indicators
KRT	key risk taker
LATAM	Latin America
LGBTQ+	lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual and other terms
LGD	loss given default
LIC	liability for incurred claims
LoB	line of business
LRC	liability for remaining coverage
LTIP	long-term incentive plan
LTV	loan to value
LULUCF	land use, land-use change and forestry
M&A	mergers and acquisitions
MBS	mortgage-backed securities
MPS	management procurement spend
mt	metric tons
MVM	market value margin
MW	megawatt
NB CSM	new business CSM
NBM	new business margin
NDCs	nationally determined contributions
NGOs	non-governmental organizations
NIAS	net income attributable to shareholders
NiGEM	National Institute Global Econometric Model
NIST	National Institute of Standards and Technology
NPA	non-prosecution agreement
NZAOA	Net-Zero Asset Owner Alliance
OCI	other comprehensive income
OECD	Organization for Economic Co-operation and Development
OPIM	operating principles for impact management
ORSA	own risk and solvency assessment
OTC	over-the-counter
P&C	Property & Casualty
P&R	premium & reserve
PA	Paris Agreement
PAA	premium allocation approach
PCAF	Partnership for Carbon Accounting Financials
PD	probability of default
PDC	performance and development cycle
PFAS	polyfluoroalkyl substances
PML	probable maximum loss
POCI	purchased or originated credit-impaired
PPP	purchasing power parity
PRI	Principles for Responsible Investment
PSI	Principles for Sustainable Insurance
PSUs	performance share units
PVNBP	present value of new business premiums
QDMTT	qualified domestic minimum top-up tax
RBC	risk-based capital
RCP	representative concentration pathways
REDS	Risk Exposure Data Store
REIDA	Real Estate Investment Data Association
RNPS	relationship net promoter score
ROE	return on equity
RPI	retail price index
RSUs	restricted share units
rTSR	relative total shareholder return
SAF	sustainable aviation fuel
SASB	Sustainability Accounting Standards Board
SBTI	Science Based Targets Initiative
SBTs	science-based targets
SCOC	Supplier Code of Conduct
SICR	significant increase in credit risk
SMI	Swiss Market Index
SPPI test	solely payments on principal and interests test
SST	Swiss Solvency Test
STEM	science, technology, engineering, and mathematics
STIP	short-term incentive plan
SVPs	stable value products
TC	target capital
TCFD	Task Force on Climate-related Financial Disclosure
TNPS	transactional net promoter score
TRP	Total Risk Profiling™
TSR	total shareholder return
UNCAC	UN Convention Against Corruption
UWR	underwriting
VaR	value at risk
VFA	variable fee approach
WACC	weighted average cost of capital
WIN	Women's Innovation Network
Z-ECM	Zurich Economic Capital Model
ZEF	Zurich European Forum
ZEL	Zurich Ethics Line
ZES	Zurich Experience Survey
ZGV	Zurich Global Ventures
ZIC	Zurich Insurance Company Ltd
ZIE	Zurich Insurance Europe AG
ZIG	Zurich Insurance Group Ltd
ZILL	Zurich International Life Limited
ZIP	Zurich Insurance plc
ZLIC	Zurich Life Insurance Company Ltd
ZNA	Zurich North America
ZRP	Zurich Risk Policy
ZRS	Zurich Resilience Solutions

Glossary

Group

Book value per share
is a measure that is calculated by dividing shareholders' equity by the number of shares issued less the number of treasury shares as of the period end.

Business operating profit (BOP)
is the Group's internal performance measure, on which the Group manages all of its business units. It indicates the underlying performance, after non-controlling interests, by eliminating the impact of financial market volatility and other non-operational variables. Please refer to the 'consolidated financial statements, Note 26. Segment information, Table 26.4' for further information.

Cash remittances
is the net extraction of capital from each of the business units (P&C, Life, Farmers and Non-Core Business) to Group Functions & Operations (GF&O) and after all central costs in GF&O. Cash remittances are typically extracted from subsidiaries by way of dividends, capital reductions, repayment of intragroup debt and reinsurance profits.

Core earnings per share (Core EPS)
is a measure of profitability indicating profit per outstanding share of common stock. It's calculated by dividing the Group's business operating profit after tax (BOPAT) in U.S. dollars by the total number of outstanding shares.

Core return on shareholders' equity (Core ROE, previously referred to as BOPAT ROE)
indicates the level of BOP relative to resources provided by shareholders. It is calculated as BOP, annualized on a linear basis and adjusted for taxes, divided by the average value of shareholders' equity, adjusted for net unrealized gains/(losses) on insurance liabilities and on investments classified as fair value through comprehensive income and cash flow hedges, based on semi-annual data points. Note this was formerly referred to as BOPAT ROE. Please refer to the 'supplementary information (unaudited)/ROE, EPS and BVPS' for further information.

Investments
Total investments in the consolidated balance sheets include **Group investments** and investments for unit-linked contracts. Group investments are those for which the Group bears part or all of the investment risk. Average Group investments include investment cash and derivative financial instruments. The Group manages its diversified investment portfolio to optimize benefits for both shareholders and policyholders while ensuring compliance with local regulatory and business requirements under the guidance of the Group's Asset/Liability Management and Investment Committee. **Investments for unit-linked contracts** include investments where the policyholder bears the investment risk, and are held for liabilities related to unit-linked investment contracts. They are managed in accordance with the investment objectives of each unit-linked fund.

Like-for-like
is the change in the underlying metric over a period of time and after removing the impact of foreign exchange movements and the impact of acquisitions and disposals.

Return on shareholders' equity (ROE)
is a measure that indicates the level of profit or loss relative to resources provided by shareholders. It is calculated as net income after taxes attributable to shareholders, annualized on a linear basis, divided by the average value of shareholders' equity, adjusted for net unrealized gains/(losses) on insurance liabilities and on investments classified as fair value through comprehensive income and cash flow hedges, based on semi-annual data points. Please refer to the 'supplementary information (unaudited)/ROE, EPS and BVPS' for further information.

Property & Casualty

Gross written premiums (GWP)

is defined as the premium charged to a policyholder for an insurance contract. It is the total direct and assumed written premium excluding single parent captives before deductions for reinsurance and ceding commissions.

The following Property & Casualty (P&C) measures are net of reinsurance.

Insurance service result

is calculated as the difference between insurance revenue and the sum of net insurance service expenses and net expenses from reinsurance contracts held. Please refer to the 'supplementary information (unaudited)/P&C by segment' and 'supplementary information (unaudited)/P&C by country & customer unit' for further information.

Total net technical expenses

includes the total insurance services expenses for expenses for insurance contracts within the scope of IFRS 17, including the impact of discounting. It also includes other expenses which do not qualify for inclusion within IFRS 17 (reported under Other result) but are considered technical elements of administrative and other operating expenses. Please refer to the 'supplementary information (unaudited)/P&C by segment' for further information.

Combined ratio

is a measure that indicates the level of claims and net technical expenses during the period, relative to insurance revenues. It is calculated as the sum of the loss ratio and the expense ratio. Please refer to the 'supplementary information (unaudited)/P&C by segment' and 'supplementary information (unaudited)/P&C by country & customer unit' for further information.

Loss ratio

is a measure that indicates the level of claims during the period relative to insurance revenue. It is calculated as the sum of insurance services expenses for losses, including the impact of discounting and risk adjustment, and net expenses for reinsurance contracts held, divided by insurance revenue. Please refer to the 'supplementary information (unaudited)/P&C by segment' and 'supplementary information (unaudited)/P&C by country & customer unit' for further information.

Expense ratio

is a measure that indicates the level of the Total net technical expenses during the period relative to insurance revenue. It is calculated as the sum of the Total net technical expenses, divided by insurance revenue. Please refer to the 'Supplementary information (unaudited)/P&C by segment' and 'Supplementary information (unaudited)/P&C by country & customer unit' for further information.

Life

Present value of new business premiums (PVNBP)

is calculated as the present value of new business premiums gross of reinsurance discounted at the risk-free rate, before the effect of non-controlling interests.

New business contractual service margin (NB CSM)

represents the expected margin on the volume of business generated in the current period. It is calculated net of external reinsurance and before the effect of non-controlling interests.

New business margin (NBM)

is a measure that reflects the profitability of new business and is calculated as the new business CSM divided by PVNBP.

Farmers

Gross management result

is a measure of Farmers Management Services calculated as fee income minus fee business expenses, including amortization and impairments of intangible assets. Please refer to the 'supplementary information (unaudited)/Farmers' for further information.

Managed gross earned premium (MGEP) margin

is a measure calculated as the gross management result of Farmers Management Services divided by the gross earned premiums of the Farmers Exchanges, which are owned by their policyholders. Farmers Group, Inc. (FGI), a wholly owned subsidiary of the Group, and certain of its subsidiaries, provide certain non-claims and ancillary services to the Farmers Exchanges as their attorney-in-fact and receive fees for their services.

Contact information

Registered Office
Zurich Insurance Group Ltd
Mythenquai 2
8002 Zurich, Switzerland
Telephone: +41 (0)44 625 25 25

For more information please visit our website: www.zurich.com/contact-us

Financial calendar

Information on our website: www.zurich.com/investor-relations/calendar

Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy, underwriting and claims results, business initiatives (including, but not limited to, sustainability matters), as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans, policies, initiatives and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators, and the possibility of conflict between different governmental standards and regulatory regimes may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and the Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to 'Farmers Exchanges' mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and certain of its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.

Imprint

The Annual Report is published in English; its Group overview and governance sections are published in English and German. In the event of inconsistencies in the German translation, the English original version shall prevail.

Our reporting consists of the Annual Report, which is divided into the Group overview, the governance, the sustainability report, the risk review and the financial review, and which contains the annual financial statements (Holding Company) and the consolidated financial statements. With regards to content, the management report consists of the aforementioned reports excluding the remuneration report and the sustainability report.

Design by Radley Yeldar, www.ry.com

Photography: pages 4, 5, 7, George Brooks; pages 12, 30, 74, 224, 268, Jorma Müller; pages 6, 256, Daniel Bürgisser

Layout: NeidhartSchön AG, Zurich, www.neidhartschoen.ch

Publishing system: ns.publish by mms solutions AG, Zurich, www.mmssolutions.io

Zurich Insurance Group
Mythenquai 2
8002 Zurich, Switzerland
Phone: +41 (0) 44 625 25 25
www.zurich.com