Governance
Creating sustainable value through our business

“
In a world facing massive changes, insurers have never had a more important role in addressing society’s challenges. Zurich is demonstrating this powerfully and consistently.”

Michel M. Liès
Chairman of the Board of Directors

Playing our part in creating a sustainable future is more than an opportunity for insurers – it is our responsibility. We must demonstrate this through actions, and Zurich is doing just that. Good corporate governance enables Zurich to create this sustainable value for our stakeholders.
Dear Shareholder

Good corporate decision-making is key to our organization. We continued to strengthen our governance structure in 2018 with a strong focus on sustainable value creation.

Diversity that favors sustainability

To succeed as a sustainable global insurer, Zurich needs to attract, develop and retain talented people who reflect the diversity of our global customers. A workplace that brings out the best in everybody, where people feel welcome, valued and included, allows employees to achieve their full potential and perform at their best.

I am proud of the diverse composition of our Board and executive team. The Board and ExCo members are men and women with a variety of experience and professional backgrounds, and from many different countries – reflecting our customer base.

This gives our Board and executive management the necessary insights to address a full range of business needs and contribute the necessary expertise.

When we welcome difference, we promote innovation, boost productivity and deliver the better results.

Changes to our Board and Executive Committee

At the Annual General Meeting (AGM) on April 4, 2018, I was elected to join the Board of Directors as Chairman. Susan Bies, Tom de Swaan and Fred Kindle did not stand for re-election.

As announced on December 14, 2018, and on February 6, 2019, the Board will propose that shareholders elect Jasmin Staiblin, Michael Halbherr and Barry Stowe as new members of the Board at the next AGM on April 3, 2019. David Nish will not stand for re-election.

The Board proposes to shareholders that they re-elect all other current members of the Board.

On October 5, 2018, Amanda Blanc took up the role of CEO EMEA (Europe, Middle East & Africa) and became a member of the Executive Committee (‘ExCo’). Gary Shaughnessy, former CEO EMEA, decided to step down from his role as of the same date. To ensure a smooth transition, Gary Shaughnessy retired from the ExCo as of December 31, 2018.

Zurich stakeholders

It is important for Zurich to engage in dialogue with all our stakeholders. Thank you for your continued trust, support and commitment.

Michel M. Liès
Chairman of the Board of Directors

Our sustainability approach

Sustainability means doing business in a way that safeguards the future of our company and society. It is about the solutions we provide to customers, the way in which we invest our assets, and how we address environmental, social and governance issues in our-day-to-day activities. Insurance has an important role, and Zurich is demonstrating this powerfully and consistently.

We are acting on climate change and we are assisting in the transition to a low-carbon world:

- Zurich helps customers to better understand their exposure to climate risks.
- We help communities worldwide through our award-winning Zurich Flood Resilience Alliance.
- We have announced our intention to stop providing services to new thermal coal mines, potential clients earning more than half their revenue from mining thermal coal, and utility companies generating more than half their energy from coal.
- We strive for greater sustainability in our investments – aiming to double our impact investment portfolio to USD 5 billion, avoiding 5 million tons of CO2-equivalent emissions and improving 5 million people’s lives annually.
- We improve career skills and digital skills in our workforce and communities, helping people to face transition.
- We invest in thought leadership, including on Agile Protection systems for evolving workforce needs and vulnerabilities.
- We continue working to ensure Zurich is a diverse, fair and inclusive place to work.
- We continue to ensure Zurich is a steward of data – building trust in the digital age.

This means being responsible in the way we work with and handle data. It also means increasing cyber resilience through risk awareness, mitigation and insurance programs.

Changing climate

Providing insight, protection and transparency to support the transition to a low carbon economy

Workforce in transition

Preparing for new ways of working and the skills, solutions and initiatives

Confidence in a digital society

Making people and organizations more resilient by enabling and inspiring confidence in a digital society
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Introduction

The Zurich Insurance Group, consisting of Zurich Insurance Group Ltd 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.

This report describes the Group’s approach to the key elements of corporate governance within the Group. It includes the information required under the following rules, with which Zurich complies:

- Swiss Code of Best Practice for Corporate Governance (Swiss Code of Best Practice), issued in 2002 by economiesuisse, as amended in October 2007 and in August 2014.

The shares of Zurich Insurance Group Ltd are listed on the SIX Swiss Exchange. Certain Group companies have listed debt issued under its Euro Medium Term Note Programme and other financial instruments.

Zurich is subject to insurance group supervision by the Swiss Financial Market Supervisory Authority FINMA (‘FINMA’). The Joint Committee of the European Supervisory Authorities has also designated the Group as an insurance group and not as an insurance conglomerate because of the small size of its non-insurance activities. The Swiss Insurance Supervision Act (ISA) requires Swiss insurance companies and groups to establish and maintain strong governance and risk management systems as well as effective internal control systems that are 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). 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 subsidiaries and remaining financial services entities of the Group are supervised by the respective local supervisory authorities.

The principles of corporate governance and the standards described above are incorporated and reflected in a number of corporate documents, in particular the Articles of Association, the Organizational Rules and the Charter of the Committees of the Board of Directors of Zurich Insurance Group Ltd (www.zurich.com/en/about-us/corporate-governance/corporate-documents). The Governance, Nominations and Sustainability Committee of the Board of Directors of Zurich Insurance Group Ltd regularly reviews the Group’s corporate governance against best practice standards and ensures compliance with corporate governance requirements.
An effective structure is in place providing for cooperation between the Board of Directors of Zurich Insurance Group Ltd, management and internal control functions. This structure establishes checks and balances and is designed to provide for institutional independence of the Board from the Group Chief Executive Officer (Group CEO) and the Executive Committee (‘ExCo’) which together are responsible for managing the Group on a day-to-day basis. The Board is composed entirely of non-executive members, independent from the management.
This report essentially follows the recommended structure outlined in the Directive on Information Relating to Corporate Governance of the SIX Exchange Regulation. The information on compensation, shareholdings and loans to Board members and members of the ExCo is contained in a separate report, the remuneration report (see pages 81 to 113), which supplements this corporate governance report and also includes the information as required by the Circular 2010/1 on remuneration schemes (minimum standards for remuneration schemes of financial institutions) issued by FINMA on October 21, 2009 as amended on June 1, 2012, December 3, 2015 and September 22, 2016, as well as the Ordinance Against Excessive Compensation (Ordinance AEC) of November 20, 2013.

Key governance developments in 2018 – at a glance
as of December 31, 2018

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Executive Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Election</strong></td>
<td><strong>New appointments</strong></td>
</tr>
<tr>
<td>→ Michel M. Liès, elected as Chairman (as of April 4, 2018)</td>
<td>→ Amanda Blanc, CEO EMEA (Europe, Middle East &amp; Africa) (as of October 5, 2018)</td>
</tr>
<tr>
<td></td>
<td><strong>Resignations</strong></td>
</tr>
<tr>
<td></td>
<td>→ Gary Shaughnessy, former CEO EMEA (as of December 31, 2018)</td>
</tr>
</tbody>
</table>
Group structure and shareholders

**Operational Group structure**

Zurich Insurance Group Ltd, the Group’s holding company, is a Swiss corporation organized in accordance with the laws of Switzerland. 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 following chart shows the operational group structure on December 31, 2018.

<table>
<thead>
<tr>
<th>Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group CEO</td>
</tr>
<tr>
<td>Executive Committee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Non-Core Businesses</th>
<th>Group Functions and Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>EMEA</td>
<td>LatAm</td>
</tr>
<tr>
<td>Commercial Insurance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Group pursues a customer-centric strategy and is managed by regions, and in addition, Farmers in the U.S. and Commercial Insurance globally. The ExCo is headed by the Group CEO. Six members of the ExCo represent the Group’s businesses: the CEOs of the regions (CEO North America, CEO Europe, Middle East & Africa (EMEA), CEO Latin America, CEO Asia Pacific), the CEO of Farmers and the CEO of Commercial Insurance. Four members of the ExCo represent Group functions: the Group Chief Financial Officer (Group CFO), the Group Chief Investment Officer (Group CIO), the Group Chief Risk Officer (Group CRO) and the Group Chief Operating Officer (Group COO). The Group COO has responsibility for operations and technology as well as underwriting, claims, and pricing, creating a unified sense of purpose and responsibility for technical excellence, efficiency and business transformation across all parts of the business. The Group CFO is responsible for Group Reinsurance. For further information on the ExCo see pages 60 to 70.
The Group's operating structure reflects the businesses operated by the Group and how these are strategically managed to offer different products and services to specific customer groups. The Group's reportable segments for 2018 comprised:

- **Regions (EMEA, North America, LatAm and APAC):** segments through which the Group provides a variety of property and casualty and life products to retail and commercial customers as well as reinsurance propositions. **Commercial Insurance** brings together corporate and commercial insurance expertise worldwide under a single umbrella.

  - **Property & Casualty** is the business through which the Group provides a variety of motor, home and commercial products and services for individuals, as well as small, mid-sized and large businesses.
  - **The Life business** pursues a strategy with market-leading propositions in unit-linked and protection products as well as fee-based solutions managed through three global pillars (Bank Distribution, Corporate Life & Pensions and Other Retail) to develop leading positions in its target markets.

- **Farmers** provides, through Farmers Group, Inc. (FGI) and its subsidiaries, non-claims related, administrative, management, and ancillary services to the Farmers Exchanges as attorney-in-fact. FGI receives fee income for the provision of services to the Farmers Exchanges, which are owned by their policyholders and managed by Farmers Group, Inc., a wholly owned subsidiary of the Group. Farmers also includes all reinsurance assumed from the Farmers Exchanges by the Group. Farmers Exchanges are prominent writers of personal and small commercial lines of business in the U.S.

- **Group Functions and Operations** comprise the Group's Holding and Financing and Headquarters activities. Certain alternative investment positions not allocated to business operating segments are included within Holding and Financing. In addition, Group Functions and Operations 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 the UK.

A detailed review of the results of the businesses as reported for 2018 can be found in the financial review starting on page 155. Furthermore, an overview of the Group’s business activities is contained in the Annual Review, available on Zurich’s website (www.zurich.com/en/investor-relations/results-and-reports).

A list of the Group’s significant subsidiaries can be found on pages 271 to 273. For further information on the share listing of Zurich Insurance Group Ltd, see the investor section on pages 20 to 21.

**Significant shareholders**

According to the rules regarding the disclosure of significant shareholdings of Swiss companies listed in Switzerland, disclosure has to be made if certain thresholds starting at 3 percent are reached or if the shareholding subsequently falls below those thresholds. Disclosure must be made separately for purchase positions (including shares, long call options and short put options) and sale positions (including long put options and short call options). The percentage thresholds are calculated on the basis of the total amount of voting rights according to the number of shares issued as disclosed in the commercial register.

Zurich Insurance Group Ltd is obliged to announce shareholdings by third parties in its shares when notification is received from a third party that a threshold has been reached. During 2018, the Group received two notifications by third parties that they had either exceeded or fallen below a relevant threshold.

As of December 31, 2018, Zurich Insurance Group Ltd was not aware of any person or institution, other than BlackRock, Inc., New York (> 5 percent) and The Capital Group Companies, Inc., Los Angeles (> 3 percent), which, directly or indirectly, had an interest as a beneficial owner in shares, option rights and/or conversion rights relating to shares of Zurich Insurance Group Ltd exceeding the relevant thresholds prescribed by law.

The announcements related to these notifications can be found via the search facility on the SIX Disclosure Office's platform: www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html.

Zurich Insurance Group Ltd is not aware of any person or institution which, as of December 31, 2018, directly or indirectly, alone or with others, exercised or was a party to any arrangements to exercise control over Zurich Insurance Group Ltd.
Overview on shareholder structure

**Number of shares held** as of December 31, 2018

<table>
<thead>
<tr>
<th>Number of shares held</th>
<th>Number of registered shareholders</th>
<th>% of registered share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–500</td>
<td>119,408</td>
<td>13.5</td>
</tr>
<tr>
<td>501–1,000</td>
<td>5,354</td>
<td>4.1</td>
</tr>
<tr>
<td>1,001–10,000</td>
<td>4,168</td>
<td>10.6</td>
</tr>
<tr>
<td>10,001–100,000</td>
<td>410</td>
<td>11.6</td>
</tr>
<tr>
<td>100,001+</td>
<td>69</td>
<td>60.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>129,409</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

¹ of registered shareholders.

**Registered shareholders by type** as of December 31, 2018

<table>
<thead>
<tr>
<th>Registered shareholders</th>
<th>Registered in %</th>
<th>Registered shares in % ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual shareholders</td>
<td>95.9</td>
<td>26.1</td>
</tr>
<tr>
<td>Legal entities</td>
<td>3.9</td>
<td>30.3</td>
</tr>
<tr>
<td>Nominees, fiduciaries</td>
<td>0.2</td>
<td>43.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

¹ of registered shareholders.

**Registered shareholders by geography** as of December 31, 2018

<table>
<thead>
<tr>
<th>Registered shareholders</th>
<th>Registered in %</th>
<th>Registered shares in % ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>93.9</td>
<td>51.5</td>
</tr>
<tr>
<td>UK</td>
<td>0.5</td>
<td>28.9</td>
</tr>
<tr>
<td>North America</td>
<td>0.7</td>
<td>11.4</td>
</tr>
<tr>
<td>Asia</td>
<td>0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Latin America</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>4.6</td>
<td>7.4</td>
</tr>
</tbody>
</table>

¹ of registered shareholders.

**Cross-shareholdings**
Zurich Insurance Group Ltd has no interest in any other company exceeding 5 percent of the voting rights of that other company, where such other company has an interest in Zurich Insurance Group Ltd exceeding 5 percent of the voting rights in Zurich Insurance Group Ltd.
Capital structure

Share capital
As of December 31, 2018, the ordinary share capital of Zurich Insurance Group Ltd amounted to CHF 15,134,802.70 divided into 151,348,027 fully paid registered shares with a nominal value of CHF 0.10 each. The Board will propose to the shareholders at the Annual General Meeting on April 3, 2019 a dividend of CHF 19 per share. It is planned that the dividend will be paid out of the available earnings with a deduction of 35 percent Swiss withholding tax.

Authorized and contingent share capital as of December 31, 2018
At the Annual General Meeting of April 4, 2018, shareholders approved to extend the validity period of the authorized share capital and the combined dilution limitations for authorized and contingent share capital as specified in Article 5bis and 5ter of the Articles of Association.

Up to and including April 4, 2020, the Board of Zurich Insurance Group Ltd is authorized to increase the authorized share capital (Art. 5bis) by an amount not exceeding CHF 4,500,000 by issuing up to 45,000,000 fully paid registered shares with a nominal value of CHF 0.10 each. This authorized share capital corresponds to about 30 percent of the total registered shares issued as of December 31, 2018. Share issuances out of authorized share capital where the shareholders’ subscription rights are restricted or excluded are limited to 15,000,000 shares (i.e., less than 10 percent of the total registered shares issued as of December 31, 2018).

The contingent share capital of Zurich Insurance Group Ltd (Art. 5ter 1a) may be increased by an amount not exceeding CHF 3,000,000 by issuing of up to 30,000,000 fully paid 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 Zurich Insurance Group Ltd or one of its Group companies, or by mandatory conversion of financial instruments issued by Zurich Insurance Group Ltd or one of its Group companies, that allow for contingent mandatory conversion into shares of Zurich Insurance Group Ltd, or by exercising option rights which are granted to the shareholders. This contingent share capital corresponds to about 20 percent of the total registered shares issued as of December 31, 2018.

Up to and including April 4, 2020, the total number of new shares which could be issued from (i) authorized share capital under Art. 5bis where the subscription rights are restricted or excluded and (ii) contingent share capital in connection with financial instruments under Art. 5ter 1a where the advance subscription rights are restricted or excluded is limited to 30,000,000 shares (i.e., less than 20 percent of the total registered shares issued as of December 31, 2018).

Moreover, there is an additional contingent share capital (Art. 5ter 2a) of CHF 494,723.20, representing 4,947,232 fully paid registered shares with a nominal value of CHF 0.10 each, which may be issued to employees of Zurich Insurance Group Ltd or one of its Group companies. For further information on the capital structure and the authorized and contingent share capital, see the audited consolidated financial statements, note 19 on pages 225 to 227. This contingent share capital compares to about 3.3 percent of the current total registered shares issued as of December 31, 2018.

For further information please see Article 5th and 5th of the Articles of Association, as published under the following link: www.zurich.com/IR-articles-of-association.

Changes to share capital during 2018
During 2018, a total of 8,176 shares were issued to employees out of contingent share capital. As a result, on December 31, 2018, the share capital amounted to CHF 15,134,802.70 (151,348,027 shares). The authorized share capital (Art. 5th 1) amounted to CHF 4,500,000 (45,000,000 shares). The contingent share capital for financial instruments (Art. 5th 1a) amounted to CHF 3,000,000 (30,000,000 shares) and the contingent share capital for employees (Art. 5th 2a) amounted to CHF 494,723.20 (4,947,232 shares).

On April 11, 2018, the Board of Directors launched a public share buy-back program of 1,740,000 of Zurich Insurance Group Ltd’s own shares for cancellation purposes, which was completed on May 18, 2018. The purchase value of the repurchased own shares corresponded to CHF 548,167,352. For further information, see the audited consolidated financial statements note 19 on pages 225 to 227.
Changes to share capital during 2017
During 2017, a total of 732,445 shares were issued to employees out of contingent share capital. As a result, on December 31, 2017, the share capital amounted to CHF 15,133,985.10 (151,339,851 shares) and the authorized share capital (Art. 5ter 1) amounted to CHF 4,500,000 (45,000,000 shares). The contingent share capital for financial instruments (Art. 5ter 1a) amounted to CHF 3,000,000 (30,000,000 shares) and the other contingent share capital for employees (Art. 5ter 2a) amounted to CHF 495,540.80 (4,955,408 shares).

Summary of changes in the ordinary share capital over the last two years

<table>
<thead>
<tr>
<th>Share capital in CHF</th>
<th>Number of shares</th>
<th>Nominal value in CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of December 31, 2016</td>
<td>15,060,740.60</td>
<td>150,607,406</td>
</tr>
<tr>
<td>Newly issued shares from contingent capital</td>
<td>73,244.50</td>
<td>732,445</td>
</tr>
<tr>
<td>As of December 31, 2017</td>
<td>15,133,985.10</td>
<td>151,339,851</td>
</tr>
<tr>
<td>Newly issued shares from contingent capital</td>
<td>817.60</td>
<td>8,176</td>
</tr>
<tr>
<td>As of December 31, 2018</td>
<td>15,134,802.70</td>
<td>151,348,027</td>
</tr>
</tbody>
</table>


Shares and participation certificates
Zurich Insurance Group Ltd’s shares are registered shares with a nominal value of CHF 0.10 each. The shares are fully paid in. Pursuant to article 14 of the Articles of Association, each share carries one vote at shareholders’ meetings, entitles all shareholders to dividend payments (excluding treasury shares) and the registered holder to exercise all other membership rights in respect of that share.

Some interests in shares are held by investors in the form of American Depositary Receipts (ADRs) 1. As of December 31, 2018, investors held 23'893'050 ADRs (representing 2’389’305 Zurich Insurance Group Ltd shares).

Profit-sharing certificates
Zurich Insurance Group Ltd has not issued any profit-sharing certificates.

Limitations on transferability and nominee registrations
The Articles of Association do not provide for any limitations on transferability except for the following:

Registration as a shareholder requires a declaration that the shareholder has acquired the shares in his or her own name and for his or her own account. Nominees holding Zurich Insurance Group Ltd shares may for the benefit of, or as nominee for another person, be registered for up to 200,000 shares with voting rights, notwithstanding that the nominee does not disclose the identity of the beneficial owner. A nominee, however, is entitled to be registered as a shareholder with voting rights of more than 200,000 shares if the nominee discloses the identity of each beneficial owner and informs the beneficial owners about corporate actions, consults as to the exercise of voting rights and pre-emptive rights, transfers dividends and acts in the interests of and in accordance with the instructions of the beneficial owner.

There are special provisions relating to the registration and exercise of rights attached to shares by The Bank of New York Mellon Corporation in connection with the Zurich Insurance Group Ltd ADR program.

Convertible bonds and options
Zurich Insurance Group Ltd had no public convertibles or options outstanding as of December 31, 2018. For information on employee share plans, see the audited consolidated financial statements, note 21 on pages 236 to 237.

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1 Zurich Insurance Group Ltd has established an American Depositary Share, or ADS, level 1 program in the U.S. Under this program, The Bank of New York Mellon Corporation issues the ADSs. Each ADS represents the right to receive one-tenth of one share of Zurich Insurance Group Ltd. Each ADS also represents securities, cash or other property deposited with The Bank of New York Mellon Corporation but not distributed to ADS holders. Zurich’s ADSs are traded over the counter (OTC) and are evidenced by American Depositary Receipts, or ADRs. Since July 1, 2010, Zurich’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 shareholders of Zurich Insurance Group Ltd and are not able to directly enforce or exercise shareholder rights. Only The Bank of New York Mellon Corporation as Depositary of the level 1 program may exercise voting rights with respect to instructions received from beneficial owners of ADRs.
Board of Directors

A diverse and sustainable value-creating Board

The governance structure that controls relations between our Board and our management and the truly diverse composition of our Board, enable Zurich to create sustainable value for our shareholders, customers, employees and other stakeholders.

Michel M. Liès
Chairman

Nationality: Luxembourg
Born: 1954
Committee membership:
Governance, Nominations and Sustainability Committee (Chairman), Remuneration Committee
Other directorships within the Group:
Zurich Insurance Company Ltd

Christoph Franz
Vice-Chairman

Nationality: Swiss and German
Born: 1960
Committee membership:
Remuneration Committee (Chairman), Governance, Nominations and Sustainability Committee
Other directorships within the Group:
Zurich Insurance Company Ltd

Joan Amble
Member of the Board of Directors

Nationality: U.S.
Born: 1953
Committee membership:
Risk and Investment Committee
Other directorships within the Group:
Zurich Insurance Company Ltd
Catherine Bessant
Member of the Board of Directors
Nationality: U.S.
Born: 1960
Committee membership: Remuneration Committee, Audit Committee
Other directorships within the Group: Zurich Insurance Company Ltd

Monica Mächler
Member of the Board of Directors
Nationality: Swiss
Born: 1956
Committee membership: Governance, Nominations and Sustainability Committee, Audit Committee
Other directorships within the Group: Zurich Insurance Company Ltd

Dame Alison Carnwath
Member of the Board of Directors
Nationality: British
Born: 1953
Committee membership: Audit Committee (Chairman), Governance, Nominations and Sustainability Committee, Risk and Investment Committee
Other directorships within the Group: Zurich Insurance Company Ltd

Kishore Mahbubani
Member of the Board of Directors
Nationality: Singapore
Born: 1948
Committee membership: Remuneration Committee, Risk and Investment Committee
Other directorships within the Group: Zurich Insurance Company Ltd

Jeffrey Hayman
Member of the Board of Directors
Nationality: U.S.
Born: 1960
Committee membership: Risk and Investment Committee (Chairman), Governance, Nominations and Sustainability Committee
Other directorships within the Group: Zurich Insurance Company Ltd

David Nish
Member of the Board of Directors
Nationality: British
Born: 1960
Committee membership: Audit Committee, Risk and Investment Committee
Other directorships within the Group: Zurich Insurance Company Ltd
Board of Directors

The Board, under the leadership of the Chairman, is responsible for determining the overall strategy of the Group and supervising senior management. It holds the ultimate decision-making authority for Zurich Insurance Group Ltd, except for decisions on matters reserved for the shareholders.

Board of Directors and its Committees
as of December 31, 2018

**Board of Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michel M. Liès*</td>
<td>Chairman of Board</td>
</tr>
<tr>
<td>Christoph Franz</td>
<td></td>
</tr>
<tr>
<td>Joan Amble</td>
<td></td>
</tr>
<tr>
<td>Catherine Bessant</td>
<td>Remuneration Committee</td>
</tr>
<tr>
<td>Dame Alison Carnwath</td>
<td></td>
</tr>
<tr>
<td>Jeffrey Hayman</td>
<td></td>
</tr>
<tr>
<td>Monica Mächler</td>
<td>Audit Committee</td>
</tr>
<tr>
<td>Kishore Mahbubani</td>
<td></td>
</tr>
<tr>
<td>David Nish</td>
<td>Risk and Investment Committee</td>
</tr>
</tbody>
</table>

* Chairman of Board or Board Committee, respectively.

The members of the Board are elected by the shareholders at the AGM. The Board constitutes itself in its first meeting after the AGM, except for the Chairman and the members of the Remuneration Committee who, as required by the Ordinance AEC, in force since January 1, 2014, are elected by the shareholders.

The term of office of a Board member ends after completion of the next AGM. As a consequence, each member of the Board must be re-elected at the AGM each year.

All Directors of Zurich Insurance Group Ltd are also members of the Board of Directors of Zurich Insurance Company Ltd. Mr. Liès also serves as Chairman of that board. None of the Directors have further board memberships within the Group.

Fritz Gerber is the Honorary Chairman of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd. He was Chairman of Zurich Insurance Company Ltd from 1977 to 1995 and its Chief Executive Officer from 1977 to 1991. In recognition of his leadership and services to these companies, he was appointed Honorary Chairman. Such designation does not confer Board membership or any Director’s duties or rights, nor does it entitle him to any Directors’ fees.
Board Composition

Diversity is a key factor for success in today’s fast-changing global environment. Zurich’s Board consists of individuals with different backgrounds and experience, and a diverse set of knowledge and skills. The Board can draw on this diverse group of individuals to carry out its responsibilities and tasks, while taking into account a full range of current business needs.

As of December 31, 2018, the Board included members of six different nationalities. Board members’ business experience covers a broad range of jurisdictions, giving the Board profound collective knowledge of international business practices. The Board also benefits from the broad cultural, educational and professional backgrounds of its members, which include financial services, manufacturing, engineering, and legal and regulatory experience.

The composition as of December 31, 2018 in terms of length of tenure, gender, background, experience, knowledge and skills, as well as nationality, was as follows and average length of tenure was 3.5 years:

<table>
<thead>
<tr>
<th>Board by length of tenure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%, as of December 31, 2018</td>
<td></td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>80</td>
</tr>
<tr>
<td>Between 5 and 10 years</td>
<td>20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board by gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%, as of December 31, 2018</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>55</td>
</tr>
<tr>
<td>Female</td>
<td>45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board by background, experience, skills and knowledge</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%, as of December 31, 2018</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>33</td>
</tr>
<tr>
<td>Banking</td>
<td>22</td>
</tr>
<tr>
<td>Non-financials</td>
<td>22</td>
</tr>
<tr>
<td>IT and technology</td>
<td>11</td>
</tr>
<tr>
<td>Macro-economics</td>
<td>11</td>
</tr>
<tr>
<td>Regulatory and governance</td>
<td>11</td>
</tr>
<tr>
<td>Audit and accounting</td>
<td>22</td>
</tr>
<tr>
<td>CEO</td>
<td>44</td>
</tr>
<tr>
<td>CFO</td>
<td>22</td>
</tr>
<tr>
<td>COO</td>
<td>11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board by nationality</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%, as of December 31, 2018</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>11</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>11</td>
</tr>
<tr>
<td>U.S.</td>
<td>33</td>
</tr>
<tr>
<td>UK</td>
<td>22</td>
</tr>
<tr>
<td>Germany</td>
<td>11</td>
</tr>
<tr>
<td>Singapore</td>
<td>11</td>
</tr>
</tbody>
</table>
Michel M. Liès  
Chairman

Skills and experience
Michel 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 also appointed as 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 Board of Zurich Insurance Company Ltd in April 2018.

Committee membership
Goverance, Nominations and Sustainability Committee (Chairman), Remuneration Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Mr. Liès is a member of the board of the Institute of International Finance (IIF), advisory board member of the Bevita Zukunft Finanzplatz, trustees board member of Avenir Suisse and of The Swiss Institute of International Studies. He is also a member of the European Financial Services Round Table.

Educational background
Mr. Liès holds a master’s degree in mathematics from the Swiss Federal Institute of Technology in Zurich (ETH).

Christoph Franz  
Vice-Chairman

Skills and experience
Christoph Franz started his professional career at Deutsche Lufthansa AG in 1990. 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 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. 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 (Chairman), Governance, Nominations and Sustainability Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Mr. Franz was elected Chairman of the board of Roche Holding Ltd in March 2014. He is also a member of the board of directors of Chugai Pharmaceuticals Ltd, and of Studier Rail. Mr. Franz serves as a member of the board of trustees of the Ernst-Goegner-Foundation, of Avenir Suisse, 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, in May 2018 he was elected to the Assembly Council.

Educational background
Mr. Franz studied industrial engineering at the Technical University Darmstadt (Germany) and completed his studies with a Ph.D. in economic sciences (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

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), where she worked on various standards, publications and other financial instruments. She then spent 14 years with the General Electric Company (GE) in various leadership roles, including CFO GE Real Estate, CFO and 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 principle 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). She has been a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015.

Committee membership
Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Ms. Amble is a member of the board of Sirius XM Satellite Radio, where she chairs the audit committee. In addition, she is a member of the board and the audit committee at Booz Allen Hamilton. In January 2015, Ms. Amble was appointed to the Public Company Accounting Oversight Board’s Standing Advisory Group, which advises on the development of auditing and professional practice standards. Since October 2016, Ms. Amble has been 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. She is also involved in developing women in business, including as chair emeritus and co-founder of W.O.M.E.N in America, LLC and through her various speaking engagements. Ms. Amble also participates in forums and speaks on corporate governance.

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).
Catherine Bessant
Member of the Board of Directors

Skills and experience
Catherine Bessant is chief operations and technology officer at Bank of America and a member of the Bank of America’s executive management team. Since joining Bank of America in 1982 as a corporate banker, she has held numerous senior leadership positions within that 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; and market president of Bank of America, Florida. Prior to being appointed to her current position, Ms. Bessant served as president of Global Corporate Banking.

Ms. Bessant has led Bank of America’s Global Technology and Operations since 2010. In that role she is responsible for end-to-end technology and operating services across the company, overseeing nearly 95,000 employees and contractors in more than 35 countries. She became a member of the Board of Zurich Insurance Group Ltd and Zurich Insurance Company Ltd in March 2017.

Committee membership
Remuneration Committee, Audit Committee

External appointments
Ms. Bessant is on the advisory board of the Ross School of Business at the University of Michigan. She previously served 16 years on the board of directors of Florida Blue, formerly Blue Cross Blue Shield of Florida, including serving as lead independent director.

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

Dame Alison Carnwath
Member of the Board of Directors

Skills and experience
Dame Alison Carnwath has substantial financial industry experience. She began her career with Peat Marwick Mitchell, now KPMG, where she practiced as a chartered accountant from 1975 to 1980. From 1980 to 1982, she worked as a corporate financier for Lloyds Bank International. From 1982 to 1993, she was assistant director, then director, at J. Henry Schroder Wagg & Co in London and New York. From 1983 to 1997, Ms. Carnwath was a senior partner at the financial advisory firm Phoenix Partnership. The firm was taken over by Donaldson, Lufkin & Jenrette (DLJ) in late 1997; she continued working for DLJ until 2000. Ms. Carnwath has held several board offices. From 2000 to 2005, she was the Chairman of the board of Vitet Group plc; from 2001 to 2006 a director of Welch Water; from 2004 to 2007 of Friends Provident plc; from 2004 to 2007 of Gallaher Group and from 2007 to 2010, she was the independent Chairman of MR Global Inc. She also served on the boards of directors of Barclays from 2010 to 2012, and of Man Group plc from 2001 to 2013. From 2008 to July 2018 she was Chairman of the board of Land Securities Group plc. She has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2012.

Committee membership
Audit Committee (Chairman), Governance, Nominations and Sustainability Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Ms. Carnwath has been a senior advisor of Evercore Partners since 2011. She has been a member of the board of PACCAR Inc. since 2005 and since September 2013 a member of the advisory council of the St. George’s Society of New York. Since May 2014 she has been a member of the supervisory board of BASF SE and Chairman of the Audit Committee of BASF SE. In May 2018 she was appointed as independent non-executive director and member of the Audit Committee of BP plc.

Educational background
Ms. Carnwath graduated in economics and German from the University of Reading. She was awarded honorary doctorates (LLB) from the University of Reading and the University of Exeter.

Jeffrey Hayman
Member of the Board of Directors

Skills and experience
Mr. Hayman began his career as a claims representative in the property and casualty department of Travelers Companies in the U.S. in 1983, where he later held several positions. In 1998 he joined AIG as regional vice president, personal lines at AIU Far East in Japan. Beginning in 2003, he held various leadership positions within AIG, including as Chairman of AIU Insurance Company in Japan and president and CEO of AIU Far East Holdings, Japan and Korea. From 2009 to 2011, Mr. Hayman served as senior vice president and chief administrative officer, and from 2011 to 2013 as executive vice president and CEO, Global Consumer Insurance, at AIG. In 2013 he served as president of international insurance operations at Starr Companies. He then became an independent consultant and advisor. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2016.

Committee membership
Risk and Investment Committee (Chairman), Governance, Nominations and Sustainability Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
None

Educational background
Mr. Hayman holds an MBA in finance from the University of Hartford, Barney School of Business and Public Administration, West Hartford, and a bachelor’s degree in arts, economics and political science from Saint Olaf College, Northfield. He is a chartered life underwriter and a chartered financial consultant.
Biographies

Monica Mächler
Member of the Board of Directors

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 directors 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 directors of Deutsche Börse AG. She has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2013.

Committee membership
Goverance, 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 directors of Cembra Money Bank AG since April 2015. In April 2018, she was elected to the board of directors of GAM Holding Ltd. 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 and of the Europa Institut at the University of Zurich.

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

Skills and experience
Kishore Mahbubani began his career in 1971 as a diplomat with the Singapore Foreign Service, in which 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 UN 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 dean at the Lee Kuan Yew School of Public Policy of the National University of Singapore (NUS) from its founding in 2004 until the end of 2017. He continues to be a professor in the practice of public policy at the NUS. He has spoken and has 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 about economics in that year. His latest book, “Has the West Lost It?”, published in London in April 2018, was described by Martin Wolf as “a compelling warning.” He has been a member of the Boards of Zurich Insurance Group Ltd and of 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 September 2017 he was appointed non-executive Chairman of the board of Aggregate Asset Management. Since January 2016 he has also 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), the World Economic Forum’s Global Agenda Council on Geo-economics and the Singapore Social Science Research Council.

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.

David Nish
Member of the Board of Directors

Skills and experience
David Nish started his professional career in 1981 at Price Waterhouse (now PWC) in the UK, where he served as an audit and transaction partner from 1993 to 1997. In 1997, he joined ScottishPower plc as deputy finance director, and in 1999 he was promoted to group finance director, a role he held until 2005 when he became executive director responsible for the division operating ScottishPower’s regulated transmission and distribution business. In 2006, Mr. Nish became group finance director at global investment management and life insurance group Standard Life plc, and was promoted to group CEO of Standard Life plc in 2010, a position he held until 2015. He has also served as deputy Chairman of the Association of British Insurers, as a member of TheCityUK board advisory committee, as a member of the financial services advisory board of the Scottish government and as a council member of the Scottish Institute of Chartered Accountants. He has been a member of the boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since March 2016.

Committee membership
Audit Committee, Risk and Investment Committee

Other directorships within the Group
Zurich Insurance Company Ltd

External appointments
Mr. Nish is a non-executive director of HSBC Holdings plc and of Vodafone Group plc. His former appointments include non-executive directorships at UK Green Investment Bank plc, HDFC Life (India), Northern Foods plc, Thus plc, the Royal Scottish National Orchestra and London Stock Exchange Group plc.

Educational background
Mr. Nish holds a bachelor’s degree in accountancy from the University of Glasgow and is a chartered accountant with the Institute of Chartered Accountants of Scotland.
The business address for each Board member is Mythenquai 2, 8002 Zurich, Switzerland.

**Independence of the members of the Board of Directors**
Zurich considers the independence of its Board members to be an essential feature of 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.

As of December 31, 2018, the Board consisted entirely of Directors who were non-executive, independent from the management and who – except for Ms. Mächler – had never held an executive position in the Group. Ms. Mächler held an executive position until 2006 and was elected in 2013 as a non-executive Board member. According to the guidelines of the Swiss Code of Best Practice, she is considered independent. For further information on the Group’s independence policy, please see art. 16.6 of the Annex to the Organizational Rules (www.zurich.com/en/about-us/corporate-governance/corporate-documents).

The Governance, Nominations and Sustainability Committee reviews the Board members’ independent status annually and reports its findings to the Board for final determination. Board members are also subject to rules and regulations to avoid conflicts of interest and prevent any misuse of insider information.

**External mandates**
In line with the Ordinance AEC, art. 33 of Zurich’s Articles of Association, has rules on the number of mandates members of the Board and of the ExCo are permitted to hold, as shown in the table below.

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

<table>
<thead>
<tr>
<th></th>
<th>Board of Directors</th>
<th>Executive Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional mandates for listed companies</td>
<td>3 maximum</td>
<td>1 maximum</td>
</tr>
<tr>
<td>Mandates for non-listed companies</td>
<td>5 maximum</td>
<td>3 maximum</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Board of Directors</th>
<th>Executive Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandates for Group subsidiaries</td>
<td>No limit</td>
<td></td>
</tr>
<tr>
<td>Mandates on behalf of the Group</td>
<td>5 maximum</td>
<td>5 maximum</td>
</tr>
<tr>
<td>Mandates for associations, charitable organizations, foundations or pension funds</td>
<td>5 maximum</td>
<td>5 maximum</td>
</tr>
</tbody>
</table>

Multiple mandates for different companies under unified control are counted as a single mandate. The maximum limits set forth in the Articles of Association do not discharge the members of the Board or ExCo from their duties to act with due care and protect Group interests. As in the past, additional mandates may be assumed only where, upon assuming such mandates, time and resources remain available to perform the office held in the Group.
Size of Board and Tenure

The Articles of Association require in art. 21 that the Board shall consist of not less than seven and not more than thirteen members. According to the Group’s Organizational Rules (art. 4.4), in general, the maximum tenure of Board members may not exceed 12 years and no individual of 72 years of age or older shall be nominated or stay in office as a Director, although exceptions may be made under special circumstances (https://www.zurich.com/en/about-us/corporate-governance/corporate-documents).

Elections

As required by Swiss law, directors and the members of the Remuneration Committee are elected annually. Directors are elected by an absolute majority of the votes represented (art. 17 and 21 of the Articles of Association).

Tom de Swaan, Fred Kindle and Susan Bies did not stand for re-election at the AGM on April 4, 2018. All other Board members were re-elected for another one-year term. Michel M. Liès was newly elected as Chairman. As members of the Remuneration Committee, the AGM elected Catherine Bessant, Christoph Franz, Michel M. Liès and Kishore Mahbubani. As independent voting rights representative, the shareholders elected Mr. lic. iur. Andreas G. Keller, attorney at law.

As announced December 14, 2018, and on February 6, 2019, the Board will propose that shareholders elect Jasmin Staiblin, Michael Halbherr and Barry Stowe as new members of the Board at the next AGM on April 3, 2019. David Nish will not stand for re-election.

The Board proposes to shareholders that they re-elect all other current members of the Board at the AGM on April 3, 2019, and that they elect Jasmin Staiblin, Michael Halbherr and Barry Stowe as new members of the Board.

The Board proposes to shareholders that they elect or re-elect as follows:

- as members: Michel M. Liès, Joan Amble, Catherine Bessant, Alison Carnwath, Christoph Franz, Jeffrey Hayman, Monica Mächler, Kishore Mahbubani, Jasmin Staiblin, Michael Halbherr and Barry Stowe
- as Chairman: Michel M. Liès
- as members of the Remuneration Committee: Catherine Bessant, Christoph Franz, Michel M. Liès, Kishore Mahbubani and Jasmin Staiblin
- as independent voting rights representative: Mr. lic. iur. Andreas G. Keller, attorney at law
Internal organizational structure
The Board is chaired by the Chairman, or in his absence, by the Vice-Chairman. The Vice-Chairman is appointed by the Board. The Board also appoints its secretary. The Board has a standard set of topics that is presented at its meetings throughout the year. It is regularly informed of developments relevant to the Group and is provided with timely information in a form and of a quality appropriate to the discharge of its duties in accordance with the standards of care set out in Article 717 of the Swiss Code of Obligations.

The Group CEO attends Board meetings ex officio. Members of the ExCo are regularly invited by the Board to attend meetings. Other executives also attend meetings from time to time at the invitation of the Board. Most Board meetings include private sessions of the Board without the participation of management members.

The Board is required to meet at least six times each year. During 2018 it held 12 meetings (of which seven were partly attended by tele-/videoconference and five were held over two days). One meeting was fully dedicated to the discussion of strategy. Five meetings lasted four or more hours during the course of a day and seven meetings lasted less than three hours on average. In addition, the Board approved one circular resolution.

In 2018, average attendance at Board meetings was 94 percent. In fulfillment of their duties, the members of the Board spent additional time participating in Board committee meetings and preparing for meetings.

Overview of meeting attendance

<table>
<thead>
<tr>
<th></th>
<th>Board of Directors</th>
<th>Governance, Nominations and Remuneration Committee</th>
<th>Risk and Investment Committee</th>
<th>Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of meetings held</td>
<td>12</td>
<td>5</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>No. of members¹</td>
<td>9</td>
<td>5</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Meeting attendance, in %</td>
<td>94</td>
<td>84</td>
<td>100</td>
<td>93</td>
</tr>
</tbody>
</table>

Meeting attendance individualized

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of meetings held</th>
<th>No. of members¹</th>
<th>Meeting attendance, in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joan Amble</td>
<td>12/12</td>
<td>–</td>
<td>7/7¹</td>
</tr>
<tr>
<td>Catherine Bessant</td>
<td>12/12</td>
<td>–</td>
<td>4/4¹</td>
</tr>
<tr>
<td>Susan Bies²</td>
<td>2/4</td>
<td>–</td>
<td>1/1⁵</td>
</tr>
<tr>
<td>Alison Carnwath</td>
<td>11/12</td>
<td>2/5</td>
<td>6/8</td>
</tr>
<tr>
<td>Tom de Swaan²</td>
<td>4/4</td>
<td>2/2¹</td>
<td>1/1²</td>
</tr>
<tr>
<td>Christoph Franz</td>
<td>11/12</td>
<td>4/5</td>
<td>–</td>
</tr>
<tr>
<td>Jeffrey Hayman</td>
<td>12/12</td>
<td>5/5</td>
<td>8/8</td>
</tr>
<tr>
<td>Fred Kindle²</td>
<td>4/4</td>
<td>2/2¹</td>
<td>1/1³</td>
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<tr>
<td>Michel M. Liès¹</td>
<td>9/9</td>
<td>3/3³</td>
<td>4/4³</td>
</tr>
<tr>
<td>Monica Mächler</td>
<td>12/12</td>
<td>3/3³</td>
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<td>Kishore Mahbubani</td>
<td>12/12</td>
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<td>8/8</td>
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<tr>
<td>David Nish</td>
<td>9/12</td>
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<td>6/7⁴</td>
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</tbody>
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¹ Until April 4, 2018, the Board had 11, the Governance, Nominations & Sustainability Committee 5, the Audit Committee 6, the Remuneration Committee 4 and the Risk & Investment Committee 5 members.
² Retired at AGM April 4, 2018.
³ Elected at AGM April 4, 2018.
⁴ Joined Committee on April 4, 2018.
⁵ Left Committee as of April 4, 2018.
Board responsibilities
The Board is responsible for the ultimate management of Zurich Insurance Group Ltd and of the Group as a whole, as well as for the supervision of management. In particular, it is responsible for taking actions in the following areas:

- **Group strategy:** The Board regularly reviews and discusses, in particular, the Group’s business portfolio including its target market, acquisitions, divestitures, customer and intermediaries strategy and its human resources strategy.

- **Finance:** The Board approves the financial and operating plan annually, establishes guidelines for capital allocation and financial planning. Further, the Board reviews and approves the Annual Report and the half year financial reporting of the Group, as well as the Group’s updates for the first three months and first nine months of the year. Above certain thresholds, the Board approves major lending and borrowing transactions.

- **Structure and organization of the Group:** The Board determines and regularly reviews the basic principles of the Group’s structure and major changes in the Group’s management organization, including major changes to Group functions. In this respect, the Board discusses the Group’s corporate governance framework and its remuneration system. The Board also adopts and regularly reviews the Group’s basic principles of conduct, compliance and risk management. Further, as part of its duty to convene the shareholders’ meeting and submit proposals to the shareholders’ meeting, it discusses the dividend policy and the Board’s proposal for dividend. Within its authority the Board also makes resolutions on capital increases and the certification of capital increases and respective amendments to the Articles of Association.

- **Business Development:** Above certain thresholds, the Board regularly discusses and approves acquisitions and disposals of businesses and assets, investments, new businesses, mergers, joint ventures, co-operations and restructuring of business units or books of businesses.

**Activities 2018:** In 2018, the Board specifically focused on the following:

- succession of Board members
- ExCo succession
- strategy implementation
- customer trends, structural industry changes and new technologies
- merger and acquisition transactions
- Board self-assessment and resulting recommendations

The Board may establish committees for specific topics, terms of reference and rules with respect to delegated tasks, responsibilities and reporting to the Board. Except for the Remuneration Committee, the Board constitutes such committees from among its members at its own discretion. The members of the Remuneration Committee are elected at the shareholders’ meeting. The committees assist the Board in performing its duties. They discuss and propose matters to the Board in order that it may take appropriate actions and pass resolutions unless they are authorized to take resolutions in specific areas on their own. In 2018, committee meetings lasted over an hour and a half on average.

**Self-assessment**
The full Board and its committees conduct a self-assessment once a year. In 2018 the Board considered the following key aspects that have an influence on its and its committees’ effectiveness: a) the Board and committee environment (size, culture and composition, skill set and qualification); b) the work of the Board and its committees (strategy, governance, competition and peer comparison and performance management); and c) the use of time and process (planning quality and allocation). A report identifying key strengths and challenges was produced for, and considered by the Board. The Board is putting into practice steps taking into account the findings of its assessment.
Committees of the Board of Directors
The Board has the following standing committees, which regularly report to the Board and submit proposals for resolution by the Board:

Governance, Nominations & Sustainability Committee
Composition and membership: The Governance, Nominations & Sustainability Committee consists of at least four Board members. Currently, the committee comprises Michel M. Liès (Chairman), Alison Carnwath, Christoph Franz, Jeffrey Hayman and Monica Mächler.

Key tasks and responsibilities: In general, the Governance, Nominations & Sustainability Committee:

- supports the Board, in line with the Group’s commitment to good corporate governance, sustainable business conduct and value creation, by establishing best practices in corporate governance across the Group with a view to ensuring that the shareholders’ and other important stakeholders’ rights are fully protected
- 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 organization
- develops and proposes guidelines to the Board for corporate governance and reviews them
- ensures compliance with corporate governance disclosure requirements and legal and regulatory requirements
- is entrusted with succession planning for the Board, the Group CEO and members of the ExCo. It proposes the principles for the nomination and ongoing qualification of members of the Board and makes proposals to the Board on the composition of the Board, the appointment of the Chairman, the Vice-Chairman, the Group CEO and members of the ExCo. Final decisions for nominations and appointments are made by the Board, subject to shareholder approval, where required. When identifying and proposing candidates as new Board members, preserving and increasing of the Board’s diversity is a key consideration. This includes diversity in many respects, and goes beyond gender, to include culture, technical and interpersonal skills, education and viewpoints, experience, nationality and a variety of backgrounds, which should enable the Board to meet the Group’s current and future challenges. Apart from specific qualifications, every candidate should possess integrity, be of good standing, and be capable and available to fulfill his or her duty of care by serving, in close collaboration with the other Board members, the best interests of the Group’s stakeholders
- reviews the system for management development and supervises progress made in succession planning
- reviews and approves the Group’s sustainability strategy and objectives
- reviews and proposes to the Board for approval targets on matters related to environmental, social and governance (ESG) that have a material impact on business strategy, underwriting or business performance

Activities 2018: During 2018, the following topics were discussed in particular:

- succession of Board members
- Board committee composition and succession
- ExCo succession
- developments affecting corporate governance, including changes to Swiss and international laws and regulations
- sustainability strategy and related initiatives
- biannual updates on Zurich’s sustainability efforts and, at its most recent meeting, discussed Zurich’s new sustainable business approach, including climate change as a focus area thereof

The Governance, Nominations & Sustainability Committee meets at least twice per year. In 2018 it met five times.
Remuneration Committee

**Composition and membership**: Zurich Insurance Group Ltd’s Organizational Rules require the Remuneration Committee to consist of at least three independent non-executive Board members. Currently, the committee comprises Christoph Franz (Chairman), Catherine Bessant, Michel M. Liès and Kishore Mahbubani.

**Key tasks and responsibilities**: In general, the Remuneration Committee:

- regularly evaluates the Group’s remuneration architecture and Zurich’s remuneration rules and proposes amendments to the Board, which is responsible for the design, implementation and monitoring of the Group’s remuneration framework (further details of the Group’s remuneration framework, including the remuneration philosophy and the remuneration governance are set out in the remuneration report on pages 81 to 113)
- reviews and proposes to the Board annually the terms of remuneration of the members of the Board based on Zurich’s remuneration rules, reviews and proposes to the Board the terms and conditions of employment of the Group CEO and reviews those of other members of the ExCo, as proposed by the Group CEO, including the annual review of performance objectives and performance against these objectives, before submitting them to the Board for approval
- liaises with the Group CEO on other important matters related to employment, salary and benefits
- reviews and proposes to the Board the total variable remuneration pool, reviews the performance related to short-term and long-term incentive plans (STIP and LTIP), and also makes a qualitative assessment of the performance
- reviews and makes proposals to the Board for submission to the AGM on the approval of the Board’s and ExCo’s remuneration
- discusses the regulatory environment and risk management aspects regarding remuneration, and prepares the remuneration report annually in accordance with applicable laws and regulations

**Activities 2018**: During 2018, the following topics were discussed in particular:

- performance of the Group, the countries and the ExCo, as well as the approval of the STIP award level and the LTIP vesting level for the period ending December 31, 2017
- approval of the total variable remuneration pool for 2017
- the regulatory environment regarding remuneration, as well as external developments and the implications for Zurich
- the Ordinance AEC, including the maximum amounts of total remuneration for the Board and the ExCo for the shareholder votes at the AGM on April 4, 2018, and subsequently the results of the votes
- in the annual joint meeting with the Risk and Investment Committee, risk management aspects of the Group’s remuneration architecture, as well as key activities with respect to identified key risk taker (KRT) positions, e.g., risk-based assessment of KRTs
- the remuneration report and the Board of Directors report on the approval of the remuneration for the Board of Directors and the ExCo
- Zurich’s remuneration rules and the Committee Charter were reviewed and approved by the Board of Directors
- the annual Corporate Governance Roadshow
- compensation of the Board and the ExCo, including share ownership in line with guidelines
- activities of the Group Pensions Committee
- review of the performance and incentive architecture for 2019

The Remuneration Committee has retained its own independent advisors, Meridian Compensation Partners, LLC and New Bridge Street, to assist in its review of the remuneration structures and practices.

The Remuneration Committee meets at least twice per year. In 2018 it met five times.
Audit Committee

Composition and membership: Zurich Insurance Group Ltd’s Organizational Rules require the Audit Committee to consist of at least four non-executive Board members, independent from management. Currently, the committee comprises Alison Carnwath (Chairman), Catherine Bessant, Monica Mächler and David Nish, all of whom meet the relevant requirements for independence and qualification.

The Charter for the Committees of the Board of Directors of Zurich Insurance Group Ltd (Committees Charter) requires that the Audit Committee, as a whole, should have (i) an understanding of IFRS and financial statements, (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves, (iii) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those of Zurich Insurance Group Ltd and the Group, or experience in actively supervising one or more persons engaged in these activities, (iv) an understanding of internal controls and procedures for financial reporting, and (v) an understanding of audit committee functions.

To facilitate an ongoing exchange of information between the Risk and Investment Committee and the Audit Committee, the Chairman of the Audit Committee 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 and Risk and Investment Committee meetings as a guest.

The external auditors, the internal auditors, members of the ExCo and other executives attend Audit Committee meetings to, among other things, discuss auditors’ reports, review and assess the auditing concept and the examination process and to assess the activities of both external and internal auditors. Private sessions with external and internal auditors are scheduled at the majority of Audit Committee meetings, to enable discussion without Management members being present.

For more information on the supervision and control of the external audit process, see page 74.

Key tasks and responsibilities: In general, the Audit Committee:

- serves as a focal point for communication and oversight regarding financial accounting and reporting, internal control, actuarial practice, and financial and regulatory compliance
- reviews the Group’s auditing process (including establishing the basic principles relating to and making proposals for the audit of Zurich Insurance Group Ltd and the Group)
- at least annually, reviews the standards of internal control, including activities, plans, organization and quality of Group Audit and Group Compliance
- reviews annual and half year consolidated financial statements of the Group, the Group’s updates for the first three months and first nine months of the year and the Financial Condition Report of the Group

Activities 2018: During 2018, the following topics were discussed in particular:

- 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 months and first nine months of the year
- the effectiveness of the internal control framework, including internal controls over financial reporting (ICFR)
- Group Audit work plans, Group Audit findings and management implementation of remedial actions
- the work of the external auditors, the terms of their engagement and the external auditor’s findings on key judgments and estimates in financial statements
- the annual Group Compliance Plan, against which it monitored progress during the year, and compliance issues and trends, such as evolving regulatory expectations
- the tender process for the rotation of the external auditor

The Audit Committee meets at least four times per year. In 2018 it met eight times.
Risk and Investment Committee

Composition and membership: Zurich Insurance Group Ltd’s Organizational Rules require the Risk and Investment Committee to consist of at least four non-executive Board members independent from management. Currently, the committee comprises Jeffrey Hayman (Chairman), Joan Amble, Alison Carnwath, Kishore Mahbubani and David Nish.

To facilitate an ongoing exchange of information between the Risk and Investment Committee and the Audit Committee, the Chairman of the Audit Committee is a member of the Risk and Investment Committee and a member of the Risk and Investment Committee is a member of the Audit Committee.

Key tasks and responsibilities: In general, the Risk and Investment Committee:

- supports the Board to ensure sound risk and investment management for the Group
- oversees the Group’s risk portfolio, in particular the Group’s risk tolerance, including agreed limits that the Board regards as acceptable for Zurich, the aggregation of agreed limits across the Group, the measurement of adherence to agreed risk limits and the Group’s risk tolerance in relation to anticipated capital levels
- further oversees the Group’s enterprise-wide risk governance framework, including risk management and control, risk policies and their implementation and the risk strategy and monitoring operational risks, including in particular IT and cyber risks
- reviews the methodologies for risk identification
- oversees the impact of various risk types on economic and regulatory capital
- reviews, with business management and the Group risk management function, the Group’s general policies and procedures and satisfies itself that effective systems of risk management are established and maintained
- receives periodic reports from the Group risk management function and assesses whether significant issues of a risk management and control nature are being appropriately addressed by management in a timely manner
- reviews transactions above the pre-defined threshold
- receives updates on the Group’s annual strategic asset allocation, market risk consumption relative to allocated market risk capital and limit and major market risk drivers, accounting investment result, economic investment return relative to liabilities, as well as updates on the performance of asset managers
- assesses the independence and objectivity of the risk management function and reviews the activities, plans, organization and the quality of the risk management and investment management functions
- oversees Zurich’s overall risk management framework and investment process
Activities 2018: From an enterprise risk management perspective, during 2018 the Risk and Investment Committee in particular discussed the following topics:

- the effectiveness of the enterprise risk management (ERM) approach, including the annual revision of the Group risk appetite
- the refreshed Group Risk Management ambition and strategy and progress made in implementing it, together with an update on Integrated Assurance
- results of the Group Total Risk Profiling™ (TRP) assessment including risk ownership and mitigation actions
- the Group’s Own Risk and Solvency Assessment 2018
- the Group’s Recovery Plan 2018, which included a recovery exercise under conditions of stress
- the Group’s risk profile and economic and regulatory capital, including development of the internal capital model and risk-based capital limits
- revisions of the Zurich Risk Policy (ZRP)
- Swiss Solvency Test (SST) internal model approval program
- Operational Risk Framework
- regulatory risk
- risk management aspects of the Group’s remuneration architecture, discussed during the annual joint meeting with the Remuneration Committee
- macroeconomic developments; investment and asset/liability management, market and credit risks and controls including reports on derivatives; and performance of asset managers
- Zurich’s approach on model risk management
- progress made on information security management
- Zurich’s real estate investment strategy
- climate change-related risks

For further information on risk governance, see the risk review on pages 121 to 149

The Risk and Investment Committee meets at least four times per year. In 2018 it met eight times.

Areas of responsibility of the Board and management

The Board decides on the strategy of the Group, supervises senior management and addresses key matters in the area of strategy, finance, and organization. In particular, the Board approves the Group’s strategic plan and the annual financial plans developed by management. It reviews and approves the Annual Report and the half-year financial reporting of the Group, as well as the Group’s updates for the first three months and first nine months of the year, and the annual financial statements of Zurich Insurance Group Ltd. For more details with regard to the responsibilities of the Board see page 52.

Subject to the powers reserved to the Board, the Board has delegated management of the Group to the Group CEO and, under the Group CEO’s supervision, to the ExCo and its members. The Group CEO is the highest executive officer in the Group and has responsibility and accountability for the Group’s management and performance. The Group CEO represents the overall interests of the Group toward third parties to the extent such interests are not represented by the Board. The Group CEO is responsible for developing and implementing the strategic and financial plans approved by the Board. The Group CEO has specific powers and duties pertaining to strategic, financial and organizational matters and manages, supervises and coordinates the activities of the members of the ExCo and of his other direct reports.
Information and control instruments vis-à-vis the Executive Committee

The Board supervises management and monitors its performance through reporting and controlling processes. The Group CEO and other executives provide information and updates through regular reports to the Board. These include reports on key performance indicators and other Group-relevant financial data, existing and emerging risks, and updates on developments in important markets and on industry peers and other significant events. During 2018, the Chairman of the Board 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 members of the Board do so as well, meeting 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.

The Group has adopted and implemented a coordinated, formal and consistent approach to risk management and control. Information concerning the Group’s risk management and internal control processes is included in the risk review starting on page 121. The internal audit function, the external auditors and the compliance function also assist the Board in exercising its controlling and supervisory duties. Information on these functions’ major areas of activity is set out on pages 73 to 76.
Executive Committee

Executive Committee focused on customers and driving change

Our Executive Committee in its experienced and diverse composition is well prepared for a customer-led transformation and the challenges posed by fast changing technological developments.

Mario Greco
Group Chief Executive Officer
Nationality: Italian  
Born: 1959

Urban Angehrn
Group Chief Investment Officer
Nationality: Swiss  
Born: 1965

Amanda Blanc
CEO EMEA (Europe, Middle East & Africa)
Nationality: British  
Born: 1967

Jeff Dailey
CEO of Farmers Group, Inc.
Nationality: U.S.  
Born: 1957
Claudia Dill
CEO Latin America
Nationality: Swiss
Born: 1966

Kathleen Savio
CEO North America
Nationality: U.S.
Born: 1965

Jack Howell
CEO Asia Pacific
Nationality: U.S.
Born: 1970

Gary Shaughnessy
Senior Advisor
Nationality: British
Born: 1966

Alison Martin
Group Chief Risk Officer
Nationality: British
Born: 1974

James Shea
CEO Commercial Insurance
Nationality: Canadian
Born: 1965

George Quinn
Group Chief Financial Officer
Nationality: British
Born: 1966

Kristof Terryn
Group Chief Operating Officer
Nationality: Belgian
Born: 1967
Group Management

Executive Committee

Group Management
as of December 31, 2018

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<tr>
<th>Board of Zurich Insurance Group Ltd</th>
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<tr>
<td>Group CEO</td>
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<td>Executive Committee</td>
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<td>Management Committees</td>
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<td>Group Balance Sheet Committee (GBSC)</td>
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<tr>
<td>Asset/Liability Management</td>
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<td>Investment Committee</td>
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<td>Group Pensions Committee</td>
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<td>Disclosure Committee</td>
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To the extent not reserved to the Board, management is delegated to the Group CEO. The Group CEO has overall responsibility and accountability for the Group’s management and the performance. The ExCo serves the Group CEO as the core management team in matters of Group-wide strategic, financial and business-policy relevance, including consolidated performance, capital allocation and mergers and acquisitions.

The ExCo is chaired by the Group CEO. As of December 31, 2018, to reflect both lines of business and geography, members of the ExCo included the CEO EMEA (Europe, Middle East & Africa), the CEO North America, the CEO Latin America, the CEO Asia Pacific, the CEO of Farmers Group, Inc. and the CEO Commercial Insurance. The Group CFO, the Group CIO, the Group COO, the Group CRO and Gary Shaughnessy as former CEO EMEA were also members of the ExCo as of December 31, 2018.

ExCo Composition

As of December 31, 2018, the ExCo included members of six nationalities. ExCo members’ business experience covers a broad range of jurisdictions, giving the ExCo profound collective knowledge of international business practices.

The composition as of December 31, 2018 in terms of length of tenure, gender, as well as nationality was as follows and average length of tenure was of 3 years:
Changes to the ExCo
On October 5, 2018, Amanda Blanc was appointed CEO EMEA and became a member of the ExCo. Gary Shaughnessy, former CEO EMEA, decided to step down from his role as of the same date. To ensure a smooth transition, Gary Shaughnessy retired from the ExCo as of December 31, 2018.

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.
Management committees

Group Balance Sheet Committee (GBSC)

Members: Group CFO (Chairman), 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. Core topics are:

- capital management on capital allocations and lending and borrowing decisions
- 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 and matters that may have a material impact on the balance sheet of the Group as determined by the Chairman

The Group Risk Committee (GRC)

Members: Group CRO (Chairman), Group CFO, Group CIO, Group COO, Group General Counsel. The Head of Group Audit is invited ex officio to attend the meetings, but is not a voting member.

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 insurance, financial markets, credit, operational and strategic risks.

The GRC reviews and recommends on topics such as:

- the overall Group risk appetite, risk tolerance and risk limits, including exceptions to limits over specified thresholds
- requests to enter new lines of insurance business or types of insurance coverage that would have a significant impact on the risk profile of the Group
- changes to the Group Policy Framework and the Zurich Risk Policy (ZRP)
- regulatory developments affecting the Group’s risk management and the Group’s regulatory reporting
- the Group’s TRP assessment and related actions
- prospective changes to capital models and methodologies that have a significant impact on economic solvency ratios
- the Group’s model validation policy, and validation findings related to capital models and significant valuation models, including remedial actions
- market and credit risk internal model consumption relative to the Group’s capital allocation, including remedial actions
- any significant deviations from established target solvency levels by subsidiaries, including remedial actions if needed
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 retirement benefit arrangements and post-employment benefits, including the relevant policies and processes. It provides oversight and guidance on the Group’s retirement benefit arrangements and post-retirement benefits in matters of benefit design, funding, investment and accounting and provides recommendations to the GBSC on material pension-related matters.

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 position and/or performance of the Group. In particular, it reviews half-year and year-end IFRS financial results 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 material information as to the financial position and performance of the Group, proposals from Group Compliance regarding projects that have an impact on the Group and respective dealing restrictions as well as controls and procedures regarding the effectiveness of the Group’s internal controls over financial reporting. It makes recommendations to the Group CFO.

Panels
To enhance its understanding and assessment of the challenges and risks Zurich may face, the Group seeks external expertise and perspectives. As of December 31, 2018, the Group had access to one panel of leading academics and experts from business and industry which provides feedback and insights. Panels are not corporate bodies of the Group and have no decision-making powers. They provide expertise and advice to senior management or certain functions of the Group. The Advisory Council for Catastrophes (formerly Natural Catastrophe Advisory Council) provides insights into the patterns of occurrence, predictability and destructiveness of catastrophes and gives feedback about Zurich’s approach to such catastrophes to help improve the effectiveness of its underwriting and reinsurance purchasing.
Biographies

Mario Greco
Group Chief Executive Officer

Skills and experience
Mario Greco joined Zurich in March 2016 as Group Chief Executive Officer 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 board member of The Geneva Association, a member of the board of trustees of the Lucerne Festival and a member of the International Advisory Council of Bocconi University.

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.

Urban Angehrn
Group Chief Investment Officer

Skills and experience
Urban Angehrn joined the Executive Committee as Group Chief Investment Officer in July 2015. Before taking his current position, he served as Head of Alternative Investments and prior to that, from 2010 to 2012, as Head of Strategy Implementation in Investment Management. He joined Zurich in 2007 as Regional Investment Manager for Europe. Before joining Zurich, he held various positions in capital markets-related roles in the insurance and investment banking industries, including as Head of Allocation & Strategy in asset management at the Winterthur Group. He also served as an adviser to Swiss institutional clients in the use of derivatives, and held positions in derivatives marketing and fixed income sales at Credit Suisse and J.P. Morgan.

External appointments
Mr. Angehrn is the Chairman of the Board of Trustees of the Zurich Insurance Group Swiss Pension Plan. He is also a member of the advisory board of the Department of Banking and Finance at the University of Zurich.

Educational background
Mr. Angehrn holds a Ph.D. in mathematics from Harvard University and a Master of Science in theoretical physics from the Swiss Federal Institute of Technology in Zurich (ETH).

Amanda Blanc
CEO EMEA (Europe, Middle East & Africa)

Skills and experience
Amanda Blanc has nearly 30 years of experience in various insurance markets and has held several senior executive roles across the industry as a qualified chartered insurer. Ms. Blanc joined Zurich as Chief Executive Officer for Europe, Middle East & Africa (EMEA) with additional responsibility for Global Banking Partnerships in October 2018, when she also became a member of the Executive Committee. Before she joined Zurich, Ms. Blanc served as Group CEO of AXA UK & Ireland from 2016 until 2018, having previously joined the board of AXA UK in 2011 as CEO of AXA Insurance, Commercial Lines. Prior to that, she held executive leadership positions at the UK-based insurance broker Towgare Partnership Ltd from 2006 until 2010, served on the executive committee at Groupama Insurance Co Ltd from 2003 until 2006 and was appointed as regional director for her first term at AXA Insurance UK from 1999 until 2003. Ms. Blanc became a management consultant at Ernst & Young in 1998 working on transformational assignments, having started her career as a graduate trainee at Commercial Union Assurance Company Ltd (now Aviva plc) in 1989. Ms. Blanc was the president of the Chartered Insurance Institute in 2013 and was also a previous chair of the UK Insurance Fraud Bureau.

External appointments
Ms. Blanc is chair of the board of the Association of British Insurers. She is a member of the UK Panel on Takeovers and Mergers and a member of the Panel’s Hearings Committee.

Educational background
Ms. Blanc graduated with a bachelor’s degree in history, with honors, from the University of Liverpool in 1989, and qualified as an Associate of the Chartered Insurance Institute (ACII) in 1993. She received an MBA from Leeds University Business School in 1999.
Jeff Dailey
CEO of Farmers Group, Inc.

Skills and experience
Jeff Dailey began his career in 1980 with Mutual Service Insurance Company. He also worked for Progressive Insurance Company. He went on to form Reliant Insurance Company, an auto insurance start-up owned by Reliance Group Holdings, which was sold to Bristol West Holdings, Inc. in 2001. From 2001 until 2003 Mr. Dailey was Chief Operating Officer (COO) of Bristol West Holdings, Inc. and, in 2003 he was named President and COO of Bristol West Holdings, Inc., in conjunction with the firm’s initial public offering (IPO) on the New York Stock Exchange. In 2006, he became CEO of Bristol West Holdings, Inc. Mr. Dailey joined Farmers Group, Inc. in 2007 as Vice President when Farmers acquired Bristol West Holdings, Inc., and he was promoted in 2008 to Executive Vice President of Personal Lines. In January 2011, he was promoted to the position of President and COO of Farmers Group, Inc. He became a member of the Board of Directors in February 2011 and has been its Chairman since October 2015. Mr. Dailey was appointed to his current role of CEO of Farmers Group, Inc. and became a member of the Executive Committee in January 2012.

External appointments
Mr. Dailey is a member of The Institutes Board of Trustees and serves on the advisory board of Team Rubicon, a disaster relief organization that brings together military veterans, first responders, medical professionals and technology experts.

Educational background
Mr. Dailey graduated from the University of Wisconsin-Madison with a bachelor’s degree in economics and has an MBA from the University of Wisconsin-Milwaukee.

Claudia Dill
CEO Latin America

Skills and experience
Claudia Dill has more than 25 years of experience in the banking and insurance sectors and has held a range of senior international positions. Ms. Dill joined Credit Suisse as an internal auditor in 1990. She moved to Japan in 1992, where she worked as an auditor for Deutsche Bank and Commerzbank. Ms. Dill spent most of 1994 working as an external auditor for Coopers & Lybrand in Moscow, before returning to Switzerland. She resumed working for Credit Suisse from the end of 1994 until 1999 in various roles in the credit risk management department. Ms. Dill joined Zurich in 1999 as Financial Controller of Group Reinsurance and in 2001 was promoted to Chief Financial Officer (CFO) for Group Reinsurance. In 2003, she was appointed CFO for the business division Continental Europe and was promoted in 2004 to CFO of the European Region and European General Insurance business division. In 2007 she was appointed CFO for the business division Continental Europe and was promoted in 2004 to CFO of the European Region and European General Insurance business division. In 2009, Ms. Dill took on the role of CEO and President for the North America Shared Services Platform (ZFUS) and was promoted in 2010 to Head of Global Business Services, both roles based in the U.S. From 2012 until 2015, Ms. Dill served as COO for the General Insurance business, based in Switzerland. In 2015 she was named CEO General Insurance Latin America, based in Brazil, and was appointed CEO Latin America in 2016. She became a member of the Executive Committee in October 2016.

External appointments
None.

Educational background
Ms. Dill holds an MBA from the Universities of Rochester in the U.S. and Bern, Switzerland, and a master’s degree in economics from the University of St. Gallen, Switzerland.

Jack Howell
CEO Asia Pacific

Skills and experience
Jack Howell has more than 20 years experience in the financial services sector, of which more than 10 have been in various senior leadership positions for insurance companies in Asia. Prior to his appointment at Zurich, Mr. Howell was the regional officer for Asia for Assicurazioni Generali based in Hong Kong. He joined Generali from Prudential plc Group, where he briefly served as CEO and President Director for PT Prudential Life Assurance, Indonesia, and for almost six years as CEO of Prudential Vietnam Assurance. Before Prudential, he held various positions in AIG in the Philippines, Hong Kong and New York, co-founded a boutique investment bank called TwentyTen, and spent several years as a consultant, including in The Boston Consulting Group. Mr. Howell joined Zurich in September 2016 as CEO for Asia Pacific and became a member of the Executive Committee in October 2016.

External appointments
None.

Educational background
Mr. Howell holds an MBA from the University of Chicago and a Bachelor of Science in quantitative economics from Tufts University in Massachusetts.
**Alison Martin**  
Group Chief Risk Officer

**Skills and experience**
Alison Martin has extensive management, financial and commercial experience within the insurance sector. In October 2017, she joined Zurich as Group Chief Risk Officer-Designate and became a member of the Executive Committee. She assumed the role of Group Chief Risk Officer in January 2018. 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. She was appointed Chief Financial Officer (CFO) of Swiss Re’s UK Life & Health business unit in 2005. From 2006 to 2010 she was responsible for Swiss Re’s Global Life & Health Risk Transformation team. 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 in 2017.

**External appointments**
Alison Martin became a member of the Swiss Federal Institute of Technology (ETH) Risk Center’s advisory board in September 2018.

**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.

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**George Quinn**  
Group Chief Financial Officer

**Skills and experience**
George Quinn started his career at KPMG in 1988 in London, where he held several positions working with the insurance and reinsurance industry. He joined Swiss Re in 1999 as Group Chief Accounting Officer based in Zurich and later served as Chief Financial Officer (CFO) for Swiss Re Group’s financial services. Mr. Quinn became the regional CFO for Swiss Re Americas based in New York in 2005. In March 2007 he became Swiss Re Group’s CFO. Mr. Quinn joined Zurich in May 2014 as Group CFO and is a member of the Executive Committee.

**External appointments**
Mr. Quinn is a member of the finance chapter of the Swiss-American Chamber of Commerce.

**Educational background**
Mr. Quinn holds a degree in engineering from the University of Strathclyde. He is also a member of the Institute of Chartered Accountants in England and Wales.

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**Kathleen Savio**  
CEO North America

**Skills and experience**
Kathleen Savio is Chief Executive Officer for Zurich North America, a position she has held since January 2018. She has more than 25 years of experience working across several disciplines at Zurich. She became a member of the Executive Committee in October 2017 upon her appointment to the position of Chief Executive Officer-Designate for Zurich North America. From 2012 through 2017, she served as the Head of Alternative Markets for Zurich North America, which delivers products and services to customers through multiple distribution channels, including direct, program administrators, crop agents, captive consultants and brokers. Prior to that appointment Ms. Savio held the position of Chief Administrative Officer for North America Commercial. Before assuming that role, she led Corporate and Marketing Communications for North America Commercial, as well as Strategic Initiatives for Marketing and Distribution. She has also held roles in product underwriting and corporate marketing and within key business units. She joined Zurich in 1991.

**External appointments**
Ms. Savio is vice chair of the Executive Committee of the America Insurance Association (AIA). She is a member of The Chicago Network, an organization of Chicago’s leading professional women. She also serves on the board of the St. John’s University School of Risk Management.

**Educational background**
Ms. Savio earned a master’s degree in communication and a bachelor’s degree in speech communication from Illinois State University. She is also a graduate of the Harvard Business School Advanced Management Program and has participated in executive management programs at Northwestern University’s Kellogg School of Management.
Gary Shaughnessy
Senior Advisor

Skills and experience
Gary Shaughnessy was appointed Chair of Zurich’s Community Investment Foundation in January 2018. He also maintains some other duties at the Group, including as a strategic advisor, and served as a member of the Executive Committee until December 31, 2018. Before his promotion to CEO Global Life and to the Executive Committee in January 2016 and to CEO EMEA in July 2016 (a position he stepped down from in early October 2018), he was CEO of Zurich UK Life, a role he held from June 2012. In 2014 he assumed the additional role of Country Head for Zurich in the UK. Prior to joining Zurich, Mr. Shaughnessy worked at Fidelity Worldwide Investment, where he was managing director for the UK defined contribution and retail business. His previous experience includes nearly a decade in senior roles within the Prudential Group, including the role of UK managing director, retail life and pensions, and CEO UK retail at M&G Investments. Mr. Shaughnessy’s background is in marketing and distribution, with previous roles spanning the broad financial services market at AXA, the Automobile Association and the Bank of Scotland.

External appointments
In June 2017 Mr. Shaughnessy was appointed councilor of the British-Swiss Chamber of Commerce and in August 2018 became a Trustee of Parkinson’s UK.

Educational background
Mr. Shaughnessy studied Sports Science at Liverpool John Moores University in the UK.

James Shea
CEO Commercial Insurance

Skills and experience
James Shea began his insurance career at AIG in 1994 as a financial lines underwriter in New York. He joined the American International Underwriters (AIU) division in 1996, where he held several senior underwriting and general management positions. These included senior vice president of International Financial Lines, regional president for Central Europe and the Commonwealth of Independent States and managing director of AIG UK. In 2011 he was appointed president of Global Specialty Lines and in 2012 his role was expanded to CEO of Commercial Insurance for AIG in Asia Pacific. Most recently he was President of Global Financial Lines based in New York. During his career, he has worked in Canada, the U.S., UK, France, Japan and Singapore. Mr. Shea joined Zurich in September 2016 as CEO Commercial Insurance and as a member of the Executive Committee effective October 2016.

External appointments
None.

Educational background
Mr. Shea holds a bachelor’s degree in political science from McGill University, Canada.

Kristof Terryn
Group Chief Operating Officer

Skills and experience
Kristof Terryn began his career in 1993 in the banking industry, where he worked 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 after becoming CEO General Insurance in October 2015, continued to serve as CEO Global Life on an ad interim basis until the end of December 2015. He was appointed Group Chief Operating Officer effective July 2016.

External appointments
None.

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.
Changes to the ExCo since January 1, 2019
There were no changes to the ExCo since January 1, 2019.

Management contracts
Zurich Insurance Group Ltd has not transferred key parts of management by contract to other companies (or individuals) not belonging to (or employed by) the Group.

Shareholders’ participation rights

Voting rights restrictions and representation
Each share entered into the share register entitles the holder to one vote. There are no voting rights restrictions.

A shareholder with voting rights can attend shareholders’ meetings of Zurich Insurance Group Ltd in person. He or she may also authorize, in writing, another shareholder with voting rights or any person permitted under the Articles of Association and a more detailed directive of the Board to represent him or her at the shareholders’ meeting. Based on the Articles of Association, minors or wards may be represented by their legal representatives, married persons by their spouses and a legal entity may be represented by authorized signatories or other authorized representatives, even if such persons are not shareholders.

In accordance with the Ordinance AEC and reflected in article 13 of our Articles of Association, authority of representation may also be given to the independent voting rights representative. The AGM elects the independent voting rights representative. The term of office ends with the conclusion of the next AGM. The independent voting rights representative may be re-elected. The shareholders may give voting instructions to the independent voting rights representative either in writing or via the online platform of Computershare Switzerland Ltd.

Zurich Insurance Group Ltd may under certain circumstances authorize the beneficial owners of shares that are held by professional persons as nominees (such as a trust company, bank, professional asset manager, clearing organization, investment fund or another entity recognized by Zurich Insurance Group Ltd) to attend shareholders’ meetings and exercise votes as proxy of the relevant nominee. For further details, see page 40 of this report.

In accordance with Swiss law and practice, Zurich Insurance Group Ltd informs all shareholders at the beginning of the shareholders’ meeting of the aggregate number of shares represented by shareholders and the number of shares represented by the independent voting rights representative. Zurich Insurance Group Ltd provided electronic voting devices to its shareholders for all the resolutions taken at the AGM on April 4, 2018.

Statutory quora
Pursuant to the Articles of Association (www.zurich.com/en/about-us/corporate-governance/corporate-documents), the AGM 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 currently none) or mandatory legal provisions stipulate otherwise. Article 704 of the Swiss Code of Obligations provides for a two-thirds majority of votes represented and an absolute majority of the nominal value of shares represented for certain important matters, such as a change of the company’s purpose or domicile, a dissolution of the company and certain matters relating to capital increases.

Convening of shareholders’ meetings
Shareholders’ meetings are convened by the Board or, if necessary, by the auditors and other bodies in accordance with the provisions set out in articles 699 and 700 of the Swiss Code of Obligations. Shareholders with voting rights representing at least 10 percent of the share capital may call a shareholders’ meeting, indicating the matters to be discussed and the corresponding proposals. The invitation to shareholders is mailed at least 20 calendar days before the meeting is held and, in addition, is published in the Swiss Official Gazette of Commerce.

Agenda
The Board is responsible for setting the agenda and sending it to shareholders. Shareholders with voting rights who together represent shares with a nominal value of at least CHF 10,000 may request in writing, no later than 45 days before the day of the meeting, that specific items be included in the agenda.
Registrations in the share register
With a view to ensuring an orderly process, the Board determines the date on which a shareholder needs to be registered in the share register in order to exercise his or her participation rights by attending the shareholders’ meeting. That date is published, together with the invitation to the shareholders’ meeting, in the Swiss Official Gazette of Commerce.

Information Policy
As of December 31, 2018, Zurich Insurance Group Ltd had 129,409 shareholders registered in its share register, ranging from private individuals to large institutional investors. Each registered shareholder receives an invitation to a shareholders’ meeting. A Letter to Shareholders provides an overview of the Group’s activities as the year progresses and outlines its financial performance. A more comprehensive Annual Review, the Annual Report and half-year reports are available on Zurich’s website and the Annual Review and the Annual Report are also available in printed form on request. Information on the Group’s updates for the first three months and first nine months of the year is also available on Zurich’s website (www.zurich.com/en/investor-relations/results-and-reports). News Releases are distributed in accordance with the Directive on Ad hoc Publicity and available on Zurich’s website www.zurich.com (www.zurich.com/en/media).

Zurich Insurance Group Ltd will hold its Annual General Meeting on April 3, 2019. The meeting will be conducted in the Hallenstadion in Zurich-Oerlikon. An invitation setting out the agenda for this meeting and an explanation of the proposed resolutions is issued to shareholders at least 20 days before the meeting.

For addresses see information on page 300 and further upcoming important dates, see investor section starting on page 20 (financial calendar on page 21).

Employees
The Group is committed to providing equal opportunities when recruiting and promoting people, whereby ability, experience, skills, knowledge, integrity and diversity are guiding principles. The Group actively encourages employee involvement in its activities through printed and online publications, team briefings and regular meetings with employees’ representatives. Further, the Group is party to an agreement with employee representatives of the Group’s companies in Europe. For further information on the Group’s people management activities, see see pages 16 and 17 of the Annual Report.

In some countries, the Group has established broad-based employee share compensation and incentive plans to encourage employees to become shareholders of the Group.

Changes of control and defense measures
Duty to make an offer
The Articles of Association of Zurich Insurance Group Ltd do not provide for opting out or opting up in the meaning of articles 125 and 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. Therefore, mandatory offers have to be submitted when a shareholder or a group of shareholders acting in concert exceed 33 1/3 percent ownership of the issued and outstanding share capital of Zurich Insurance Group Ltd.

Clauses on changes of control
Employment agreements have been entered into with members of the ExCo, setting out the terms and conditions on which they are employed. The longest notice period for members of the ExCo is 12 months. No other benefits are provided in the case of a change of control.
The Group’s share-based compensation programs include regulations regarding the impact of a change of control. These regulations provide that in the case of a change of control, the plan administrator (the Remuneration Committee or the Group CEO, as applicable) has the right to roll over the existing share obligations into new share rights or to provide consideration for such obligations that are not rolled over. Participants who lose their employment as a result of a change of control have the right to the vesting of share obligations. No other benefits are provided to members of the ExCo in case of a change of control.

No benefits are provided for the members of the Board in case of a change of control.

Governance, controls and assurance at Zurich Insurance Group

At Zurich, various governance and control functions help to ensure that risks are identified and appropriately managed and internal controls are in place and operating effectively. The Board is ultimately responsible for the supervision of these activities. Although each governance and control function maintains its distinct mandate and responsibilities, the functions are closely aligned and co-operate 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 and that adequate mitigation actions are implemented.

Three lines of defense at Zurich Insurance Group as of December 31, 2018

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

1st 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).

2nd 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 is responsible for Zurich’s enterprise risk management framework. The Group CRO regularly reports risk matters to the Group CEO, senior management committees and the Risk and Investment Committee of the Board.
Group Compliance is responsible for providing assurance to management that compliance risks within its mandate are appropriately identified and managed. The Group Chief Compliance Officer regularly provides reports to the Audit Committee and has an additional reporting line to the Chairman of the Audit Committee and appropriate access to the Chairman of the Board.

3rd line: Group Audit
The third line of defense consists of the assurance function Group Audit.
Group Audit is responsible for auditing risk management, control and governance processes. The Head of Group Audit reports functionally to the Chairman of the Audit Committee and administratively to the Group CEO, and meets regularly with the Chairman of the Board and the Chairman of the Audit Committee and attends each meeting of the Audit Committee.

Board – Audit Committee and Risk and Investment Committee
The Board is ultimately responsible for the supervision of the control and assurance activities. Its Audit and Risk and Investment committees receive regular updates from Group Risk Management, Group Compliance, Group Audit and external audit throughout the year.

External audit
External audit is responsible for auditing the Group’s financial statements and for auditing Zurich’s compliance with specific regulatory requirements. The Audit Committee regularly meets with the external auditors.
External auditors

*Duration of the mandate and term of office of the auditor-in-charge*

PricewaterhouseCoopers AG (PwC), Birchstrasse 160, in 8050 Zurich, is Zurich Insurance Group Ltd’s external auditor.

PwC assumes all auditing functions which are required by law and by the Articles of Association of Zurich Insurance Group Ltd. The external auditors are appointed by the shareholders of Zurich Insurance Group Ltd annually. At the Annual General Meeting on April 4, 2018, PwC was re-elected by the shareholders of Zurich Insurance Group Ltd. The Board proposes that PwC be re-elected at the Annual General Meeting on April 3, 2019 as external auditors for the financial year 2019. PwC fulfills all necessary requirements under the Swiss Federal Act on the Admission and Oversight of Auditors and has been admitted as a registered auditing company by the Federal Audit Oversight Authority.

PwC and its predecessor organizations, Coopers & Lybrand and Schweizerische Treuhandgesellschaft AG, have served as external auditors of Zurich Insurance Group Ltd and its predecessor organizations since May 11, 1983. In 2000 and 2007, the Group conducted tender processes, inviting all major auditing firms to submit their work program and tender offers. After a thorough review, on both occasions the Board came to the conclusion that PwC’s work program and offer prevailed and therefore proposed PwC for re-election.

Alex Finn of PwC is the Global Relationship Partner, lead auditor and auditor in charge for the statutory audit work since the business year 2018. Mark Humphreys, audit engagement partner, co-signs the auditors’ report for 2018. Ray Kunz is the auditor in charge for the regulatory audit work since 2017.

This year the Group updated its policy on the rotation of the external audit mandate to adopt best practices adopted by the European Union and as a result will rotate its external auditor in 2021. The Group will thereafter tender its external audit mandate every ten years. The incumbent firm may be invited to participate in that tender, and will be eligible to be awarded the mandate for a second 10-year term, as long as the total length of service would not exceed 20 years.

In 2018, in accordance with the new policy and in order to allow the greatest amount of flexibility and time for a smooth transition to the selected audit firm, the Group ran a competitive, transparent and fair tender process to select the firm to replace PwC. The Audit Committee was actively engaged throughout. At the AGM in 2021 Ernst & Young will be proposed as external auditor for financial year 2021.

*Audit fees*

Total audit fees (including expenses and value added taxes) charged by PwC in the year 2018 amounted to USD 45.3 million (USD 46.3 million in 2017).

External audit fees are reviewed with the Group’s Audit Committee annually. Once the fees are agreed, they are further allocated to the countries and reporting units via a global allocation process with the allocations communicated to local CFOs and FAR Controllers. As the year comes to a close, actual fees charged are reviewed and agreed with the local CFOs. At all levels – Group and local – there is a clear understanding of the basis for the current year fee including the impacts of changes in scope or other factors. Unplanned overruns are reviewed and agreed with the business (responsible CFO or audit contact).

*Non-audit fees*

Total fees (including expenses and value added taxes) in the year 2018 for additional services, such as tax advice, audit-related services (primarily for the MCEV review, control reports and actuarial regulatory reviews) and other services (primarily IFRS 17/9 projects and strategy) were USD 16.2 million (USD 8.9 million in 2017).

The Group has a comprehensive policy covering non-audit services. The Group’s policy specifies definitions of allowable and non-allowable non-audit services as well as approval limits for non-audit service mandates at the local and Group level. The Group’s external auditor tracks non-audit services and reports semi-annually to the Head of Group FAR and the Audit Committee the extent of non-audit services provided world-wide.
Non-audit fees were as follows:

<table>
<thead>
<tr>
<th>Audit and non-audit fee amounts</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total audit fees</td>
<td>45.3</td>
<td>46.3</td>
</tr>
<tr>
<td>Total non-audit fees</td>
<td>16.2</td>
<td>8.9</td>
</tr>
<tr>
<td>- Tax advice</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>- Audit-related, including MCEV</td>
<td>5.0</td>
<td>7.0</td>
</tr>
<tr>
<td>- Other, primarily related to the IFRS 17/9 projects</td>
<td>10.3</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Supervision and control over the external audit process**

The Audit Committee regularly meets with the external auditors. During 2018, the Audit Committee met with the external auditors 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 the external auditors 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 Zurich Insurance Group Ltd and the Group.

The Audit Committee oversees the work of the external auditors. It reviews, at least annually, the qualification, performance and independence of the external auditors and reviews any matters that may impair their objectivity and independence, based on a written report by the external auditors describing the firm’s internal quality control procedures, any material issues raised and all relationships between the external auditors and the Group and/or its employees that could be considered to bear on the external auditors’ independence. The Audit Committee evaluates the performance of the external auditors during their audit examination. It elicits the comments of management regarding the 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 of the external auditors to the needs of Zurich Insurance Group Ltd 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 appointment by the shareholders and is responsible for approving the audit fees. A proposal for fees for audit services is submitted to management by the external auditors and validated, before it is submitted to the Audit Committee for approval. The proposal is mainly based on an analysis of existing reporting units and expected changes to the legal and operational structure during the year.

The Audit Committee has approved a written policy on the use of external auditors for non-audit services, which sets out the rules for providing such services and related matters (including a list of prohibited services). Allowable non-audit services may include tax advice, comfort and consent letters, certifications and attestations, and due diligence and audit support in proposed transactions, to the extent that such work complies with applicable legal and regulatory requirements and does not compromise the independence or objectivity of the external auditors. To avoid conflicts of interest, all allowable non-audit services need pre-approval from the Audit Committee (Chairman), the Group CFO or the local CFO, depending on the level of the expected fee. This policy further requires, among other things, an engagement letter specifying the services to be provided.
Group Audit

The Group’s internal audit function (Group Audit) is tasked with providing independent and objective assurance to the Board, the Audit Committee, the Group CEO and management and to the boards and audit committees of subsidiary companies. This is accomplished by developing a risk-based plan, which is updated continuously as the risks faced by the business change. The plan is based on the full spectrum of business risks including concerns and issues raised by the Audit Committee, management and other stakeholders. Group Audit executes the plan in accordance with defined operating standards, which incorporate and comply with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA). Key issues raised by Group Audit are communicated to the responsible management function, the Group CEO and the Audit Committee using a suite of reporting tools.

The Audit Committee, boards and audit committees of subsidiary companies and Group CEO are regularly informed of important audit findings, including adverse opinions, mitigation actions and attention provided by management. Group Audit is responsible for ensuring that issues identified by Group Audit, that could have an impact on the Group’s operations are brought to the attention of the Audit Committee and appropriate levels of management and that timely follow-up action occurs. This is supported by the attendance of the Head of Group Audit at each meeting of the Audit Committee. In addition, the Head of Audit meets with the Chairman of the Audit Committee each month.

Group Audit is authorized to review all areas of the Group and has unrestricted access to all Group activities, accounts, records, property and personnel necessary to fulfill its duties. In the course of its work, Group Audit takes into consideration the work of other assurance functions. In particular, Group Audit co-ordinates its activities with the external auditors, sharing risk assessments, work plans, audit reports and updates on audit actions. Group Audit and the external auditors meet regularly at all levels of the organization to optimize assurance provision and efficiency.

The Audit Committee assesses the independence of Group Audit and reviews its activities, plans and organization, the quality of its work and its cooperation with the external auditors. As required by the Institute of Internal Auditors’ (IIA) International Standards, the Internal Audit function is quality-reviewed at least every five years by an independent qualified assessor. This review was conducted most recently in 2016 and 2017, and reported to the Audit Committee in February 2017. The results confirmed that Group Audit’s practices conform to all IIA Standards.

The Audit Committee approves the Group Audit Plan annually, and reviews reports from the function on its activities and significant risk, control and governance issues, at least three times per year. The Head of Group Audit reports functionally to the Chairman of the Audit Committee and administratively to the Group CEO, and meets regularly with the Chairman of the Board and the Chairman of the Audit Committee. Group Audit has no operational responsibilities for the areas it reviews and, to ensure independence, all Group Audit staff report (via audit managers) to the Head of Group Audit. In some instances, country audit managers also have a reporting line to the local CEO to comply with regulatory requirements.

Group Compliance

The Group is committed to comply with all applicable laws, regulations and internal requirements, professional and industry standards and its stated corporate values.

Group Compliance is a control function responsible for:

- Enabling the business to manage its compliance risks
- Being a trusted advisor
- Providing independent challenge, monitoring and assurance
- Assisting management to promote compliance culture and ethics
Group Compliance is vertically integrated to support a global framework and it is led by the Group Chief Compliance Officer.

Group Compliance performs its activities according to the global annual compliance plan and reports on progress against plan, outcomes and insights to management, the Audit Committee of the Board or to the regional and local equivalent body.

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, taking into account both internal and external environment key risk drivers.

Group Compliance provides an independent compliance view on the key compliance risks to the business and performs independent risk-based monitoring and assurance activities, challenging the business. In addition, it provides compliance risk insight through relevant and targeted reporting.

The Group Chief Compliance Officer defines and issues compliance policies relevant to the Group and establishes appropriate processes and guidance.

Group Compliance supports the embedment of a strong compliance culture across the Group in a changing regulatory environment via training and awareness initiatives.

The Group Chief Compliance Officer has direct access to the Group CEO and the Chairman of the Board’s Audit Committee and appropriate access to the Chairman of the Board. The Group Chief Compliance Officer has an additional reporting line to the Chairman of the Audit Committee, while maintaining functional independence as a second line of defense function.

Zurich encourages its employees to speak up and report improper conduct that they believe is illegal, unethical, or violates Zurich’s code of conduct or our Group’s policies. Employees are free to report their concerns to management, Human Resources, the Group’s legal department, its compliance function, or through the Zurich Ethics Line (or similar service provided locally), a phone and web-based service run by an external specialist provider. Zurich does not tolerate retaliation against any employee who reports such concerns in good faith.

Risk Management and internal control framework

For information regarding the Group’s risk management and internal control framework, see the Risk review of this Annual Report 2018 on pages 121 to 149. The Group no longer separately describes risk management and internal control information in this governance report.

Going concern

The Directors are satisfied that, having reviewed the performance of the Group and forecasts for the forthcoming year, the Group has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors have adopted the going concern basis for the preparation of the consolidated financial statements.