

Duty to Promote the Success of the Company in accordance with s172(1) Companies Act 2006

Section 172 of the Companies Act 2006 requires the Board of Directors (the “Board”) to promote the success of the company for the benefit of its members as a whole and, in doing so to have regard to the interests of stakeholders including shareholders, customers, employees, suppliers, regulators and the wider society in which the company operates.

The company is a wholly owned subsidiary entity of Zurich Insurance Group Ltd (the “ZIG Group”) and is subject to policies and governance arrangements set by the ZIG Group as well as UK local statutory and regulatory requirements. The Board of Directors derives its collective authority by direct delegation from its shareholder. Its key purpose is to ensure the company’s prosperity by collectively directing the company’s affairs whilst meeting the appropriate interests of its shareholder and relevant stakeholders.

The Board’s principal aim is to enhance the company’s long-term value to its shareholder through the sustainable delivery of financial performance targets within a framework of prudent and effective controls.

When making decisions to further the company’s strategic purpose, the Board has a duty to promote the success of the Company under s172 of the Companies Act 2006. During the course of the financial year, the Board has given consideration to this duty when making decisions, including the:

- Likely consequences of any decision in the long term;
- Interests of employees;
- Company’s business relationships with suppliers, customers, and others;
- Impact of the company’s operations on the community and the environment;
- maintaining the company’s reputation for high standards of business conduct;

As a wholly owned subsidiary of the ZIG Group the company only has one member and therefore the directors do not need to consider the fairness between members.

Long term decisions

The Board continually assesses the long term strategy of the company and its long term value to the shareholder. In doing so it considers the interests of stakeholders as part of its overall long-term business objectives and continues to align the company’s strategic direction with the shareholder’s aspirations. For each matter that is considered by the Board, stakeholders who may be impacted are identified and their interests considered as part of the Board’s decision-making process

Interests of employees

As the company does not have any direct employees, a management charge is made to the company from the UK employing entity, ZES, in respect of employees who work on behalf of the Life business within the UK and have a responsibility for the company. The principal disclosures in respect of these staff, including the approach to employee engagement and particularly support provided since the commencement of the COVID-19 pandemic, appear in the financial statement of ZES, The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.

However, the following summarises how Zurich UK (ZIG Group business conducted within the UK) considered employees in its deliberations:

- The company's employee engagement mechanisms include receiving regular updates on the results of employee surveys to keep fully apprised of employee engagement levels and the quality of leadership across the workforce, as well as a broad range of subjects including collaboration, working conditions, wellbeing, reputation, benefits and rewards, diversity and inclusion and responsible business;
- The company recognised the challenges faced by employees throughout the COVID-19 pandemic and was committed to supporting employees through its Flex Work scheme and Emergency Leave policy and regularly sought feedback and updates from senior management on morale and wellbeing;
- The Wellbeing hub provides a range of resources and tools to help employees keep active, healthy, and safe.

Stakeholder relationships and engagement

Business relationships with suppliers, customers, and others

The principal activity of the company is to act as an investment holding company and is the principal employer of the Zurich Financial Services UK Pension Scheme (the "Pension Scheme") and holds the obligation to procure that the participating employers meet their ongoing funding liabilities to the Pension Scheme. The company also guarantees contributions to the Endsleigh Insurance Services Ltd Pension and Assurance Scheme. The company does not engage directly with the members of the pension schemes, this activity is carried out by the Trustees. Whilst the company does not have a right of veto on the decisions made by the respective Trustees, the company can make recommendations on any proposals submitted.

Business relationship with community

The company believes in contributing positively to society in order to have a positive impact on the communities in which it operates.

- The UK Public Affairs Team is in place which aims to make Zurich an influential and prominent voice in all aspects of the public policy process. Its primary focus is the identification and monitoring of key regulatory and legislative developments, and the communication of these to the wider business to determine whether to lead, drive, or support, on any external engagement activity.
- The ZIG Group has membership in, and the Public Affairs Team works closely with, industry bodies such as the Association of British Insurers, Confederation of British Industry, and TheCityUK to ensure that Zurich is coordinated and effective in influencing the public policy agenda.
- The UK Public Affairs Team provides a weekly internal update on stakeholder engagement across the UK together with details of government consultations and inquiries of relevance to the company.
- There are a wide range of initiatives and activities that Zurich has been involved with engaging with society. A complete description of these activities can be found on www.zurich.co.uk/en/about-us/corporate-responsibility/workplace/diversity-and-inclusion

Impact of operations on sustainability

The Head of Public Affairs also holds responsibility for sustainability, which is at the centre of the company, as part of the Group's ambition to be known as one of the most responsible and impactful businesses in the world. The Group aims to be a responsible and sustainable business supporting customers and communities and managing its own environmental, social and governance risks.

The ZIG group has designed a sustainability strategy and the UK has developed its own strategy which is structured on the three themes used by the Group which comprise our internal definition of Sustainability – our 1.5 degree future (supporting the transition to a low carbon economy and managing climate risks); work sustainability (preparing for new ways of working and the skills and solutions needed); and confidence in a digital society (inciting customer resilience against cyber-attacks by enabling confidence in our use of their data).

Sustainability is growing in importance for many of Zurich's stakeholders and the organisations we do business with. The passing of the Social Value Act in 2012 has increased this demand and a number of

Zurich's customers now require us to provide information about our corporate responsibility and sustainability activity and targets.

Sustainability commitments are measured thoroughly in order to ensure confidence in what we say we do, and these approaches are embedded throughout the organisation. There are a wide range of initiatives and activities that we have been involved with engaging with environmental issues. A complete description of these activities can be found on www.zurich.co.uk/news-and-insight/sustainability.