

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

Section 172 ("s172") 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 for 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 of Zurich Insurance Group Ltd (the "Group") and is subject to policies and governance arrangements set by the Group as well as local statutory and regulatory requirements. The Board 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 ensure the fair treatment of the Company's customers whilst enhancing the Company's long-term value to its shareholder through the sustainable and compliant 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 long-term decision;
- Company's business relationship with suppliers, customers, and others;
- Interests of employees;
- Impact of the Company's operations on the community and the environment; and
- Maintaining the Company's reputation for high standards of business conduct.

As a wholly owned subsidiary of the Zurich Insurance Group Ltd, the Company only has one member and therefore the Board do not need to consider the fairness between members.

## **Long term decisions**

The Board 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 growth and sustainability. 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.

An example of this is the transfer of responsibility for the distribution of the Company's Retail Protection products from Zurich Intermediary Group Limited to the Company. The Board considered the interests of stakeholders in its decision-making process, aided by papers presented at meetings. The simplification of processes by streamlining promotion and distribution activities was deemed to be beneficial to all involved.

## **Policies around Anti-Bribery and Corruption**

In accordance with the Companies Act section 414CB, the Company is covered by the UK Financial Crime policy, including Anti-Bribery and Corruption. The content for guidance documents and local standards is driven by the content of Group policies, with the inclusion of UK specific legislation and regulations. The Fraud and Financial Crime Risk Management Framework is supported by policies, protocols, standards, guidance, and procedures that ensure a robust control environment. Documentation is subject to annual review and the Board is kept informed through quarterly reporting on key matters and any changes to the regulatory landscape.

## Stakeholder Engagement

The following table sets out details of key stakeholder engagement undertaken by the Company during the course of 2021.

<b>Employees</b>	<p>As the Company does not have any direct employees, a management charge is made to the Company from the UK employing entity, Zurich Employment Services Limited, in respect of employees who work on Behalf of the UK principal disclosures in respect of these staff, including the approach to employee engagement, appear in the annual report and accounts of Zurich Employment Services Limited, Unity Place, Carfax CIO, Swindon, Wiltshire, United Kingdom, S&amp;P IAP</p> <p>The following summarises how the Board considered employees in its deliberations:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The Chair of the Board has the role of 'Whistleblowing Champion' ensuring the integrity and effectiveness of the Company's whistleblowing policies and procedures. The Board receives regular reports on 'Speaking Up' incidents. The Board's annual calendar includes a strategy event where a cross-section of employees are invited to present and provide updates on current matters or area of focus to the Board</li> <li>• The Nomination and Remuneration Committee is responsible for succession planning and focuses on the performance of executives as well as key employees outside of the executive. It ensures that a talent pipeline is in place and engagement is encouraged with those individuals through presenting at Board and Committee meetings, the strategy event and deep-dives on the Board's areas of focus.</li> <li>• 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.</li> <li>• The Wellbeing hub provides a range of resources and tools to help employees keep active, healthy and safe.</li> </ul>
<b>Customers</b>	<p>The Company ensures that it is well informed about customer outcomes and customer sentiment about its propositions. This includes making sure mechanisms are adequate in respect of vulnerable customers.</p> <p>The following summarises how the Board considered customers in its deliberations:</p> <ul style="list-style-type: none"> <li>• All customer propositions are reviewed regularly, to ensure they continue to support the delivery of good customer outcomes, and that proposed changes do not cause harm to customers.</li> <li>• Existing propositions for long-term insurance products are enhanced and new propositions are developed and offered from time to time to customers</li> <li>• A comprehensive customer Net Promoter Score ("tNPS") programme is in place across all major product lines which encompasses both transactional ("tNPS") and relationship ("tNPS touchpoints. The tNPS programme obtains feedback from customers on their experience with the Company throughout the customer lifecycle and is actively used to drive improvements in the customer experience.</li> <li>• An executive management customer committee oversees the delivery of good customer outcomes and reports to the Board during 2021, this committee met regularly to coordinate a systematic approach to addressing customer issues</li> </ul>

<b>Customers (continued)</b>	<p>The Board and the Risk Committee receive regular reports on arrangements put in place for vulnerable customers. As a result of ongoing monitoring of customer outcomes and customer. Feedback the Company identified <del>and-delivered</del> several improvements -to products which have enhanced the overall customer experience and benefitted vulnerable customers. Examples of this <u>are the review and update of the Company's Vulnerable Customer Policy</u>, enhancement of the vulnerable customer training programmer and assessment of capabilities for monitoring vulnerable customer outcomes.</p>
<b>Suppliers</b>	<p>We expect all our business partners to embrace high standards of ethical and business conduct which is why we value positive interaction with our suppliers.</p> <p>The following summarises how the Board considered suppliers in its deliberations:</p> <ul style="list-style-type: none"> <li>• The Group operates in a global sourcing environment endeavouring to work with third parties and suppliers who operate responsibly, share the Group's values and adhere to the spirit of the Group's Code of Conduct. The Group's commitment to respect human rights is part of the Group's Code of Conduct, which all Zurich employees are committed to following.</li> <li>• Our recruitment process has inbuilt robust checks completed throughout the on-boarding involved in enforced servitude, Our annual Code of Conduct training is a journey, to ensure we do not employ individuals that are facing or completed by all Zurich staff and includes content around fair and compliant conduct, including the protection of human rights.</li> <li>• Employees directly involved with onboarding and management of our suppliers receive-additional-UK-supplier Management training and are-made -aware •of how to report any concerns.</li> <li>• Oversight of suppliers is the responsibility of the UK Chief Operating Officer and a governance framework is in place to support the supply management lifecycle to ensure effective and efficient management of our suppliers. The framework ensures that a rigorous and diligent process is followed during the procurement process, whereby the third party's structure, operations, culture, human resources, supplier and customer relationships and future outlook are assessed.</li> <li>• The Company publishes its annual Modern Slavery Act statement outlining how it mitigates the risk of slavery and human trafficking within its business and its supply chains. As part of this process, the Company has in place a Modern Slavery and Human Trafficking Policy, which seeks to identify and manage such risks.</li> <li>• An integral aspect of Zurich's sustainability is our Supplier Code of Conduct ('the Code'), in which we provide clear guidance to ensure that our suppliers act in a manner that is compatible with our own ambition. The Code sets out the environmental, social and ethical standards expected of our suppliers.</li> </ul>

<b>Communities</b>	<p>The Company believes in contributing positively to society to have a positive impact on the communities in which it operates.</p> <p>The following summarises the Board's considered communities in its deliberations:</p> <ul style="list-style-type: none"> <li>• The UK Public Affairs team strives 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.</li> <li>• The Company holds membership of, and the Public Affairs Team works closely with, industry bodies such as the Association of British Insurers (ABI), and Confederation of British industry (CBI) to ensure that it is coordinated and effective in influencing the public policy agenda.</li> <li>• The UK-Public Affairs team - provide-a -weekly internal update on stakeholder engagement across the UK together with details of government consultations and inquiries of relevance to the Company.</li> <li>• The Company is committed to diversity and inclusion and Zurich UK is signed up to the Race At Work Charter, an initiative designed to improve outcomes for Black, Asian and Minority Ethnic (BAME) employees in the UK.</li> </ul> <p>Zurich Community Trust's ("ZCT") Strategic Funding programmes focus on the more challenging social issues today and support the most vulnerable people in_our society. These programmes are wholly funded by the annual donation made to ZCT by the Zurich UK businesses. For 2021 , the Company donation was £1m.</p> <ul style="list-style-type: none"> <li>• During the 2021 year ZCT's Youth First programme was announced, which aims to Support children- in- secondary education build and develop core skills and knowledge that will help them make the transition from full time education to the working world. Plans are in place to donate f 1m to the education charity Teach First over the next five years to fund a new programme and provide support in the following ways: <ul style="list-style-type: none"> <li>○ Direct funding to help schools navigate the challenges of COVID-19.</li> <li>○ Zurich employees to volunteer as part of Teach First's Coaching Programme. Supporting the professional development of teachers, in the classroom and in leadership positions.</li> <li>○ Running workshops with students in schools throughout England, to help go through CVs, get interview advice, and receive a vocational introduction to insurance.</li> </ul> </li> </ul>
<b>Regulators</b>	<p>Positive engagement with regulators ensures high business standards are maintained and customers are protected.</p> <p>The following summarises how the Board considered regulators in its deliberations:</p> <ul style="list-style-type: none"> <li>• The Company maintains an open relationship with the PRA and the Financial Conduct Authority ("FCA"), which includes regular dialogue and complying with all regulatory reporting requirements in addition to providing regular management information to the PRA.</li> <li>• The Board receives regular updates on the Company's interactions with regulators including forthcoming changes to regulatory requirements.</li> </ul> <p>The company routinely provides copies of the Board, Risk and Audit Committee meeting papers to the PRA and responds to any ad hoc requests for information from regulatory bodies when required.</p>

<b>Sustainability</b>	<p>The UK Head of Public Affairs is responsible for Sustainability, which is at the centre of the Group and Company's ambition to be known as one of the most responsible and impactful businesses-in the-world*</p> <p>The following summarises how the Board considered sustainability in its deliberations:</p> <ul style="list-style-type: none"> <li>• The Group aims to be a responsible and sustainable business supporting customers and communities and managing its own environmental, social and governance risks.</li> <li>• The Board Risk Committee has oversight of the financial risks of climate change, with accountability being documented within the Terms of Reference and climate change occurring as a standing agenda item at each quarterly meeting. The Board Risk Committee assists the Board in carrying out its responsibilities in relation to the oversight of risk management in accordance with law and regulations.</li> <li>• The UK Chief Risk Officer is responsible for climate change and the Board Risk Committee have approved a formal governance framework, which includes a Sustainability Risk Committee, to ensure reporting and oversight of relevant management information in line with the Group's Sustainability Strategy.</li> </ul> <p>In October 2021, Zurich hosted our second Youth Against Carbon Conference (YAC Con) the event is specifically designed to give young people a voice in the the-climate 'crisis debate, and this year focused on ethical consumption. This is just one example of the work we do in promoting sustainability within business and the wider community.</p> <p>We measure our sustainability commitments 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.</p>
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