

## **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 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 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 stakeholders;
- Impact of the company’s operations on the community and the environment;
- Maintaining the company’s reputation for high standards of business conduct.

As the company does not have any direct employees the above in relation to interest of employees has been completed as part of Zurich UK (Zurich business conducted within the UK).

As a wholly owned subsidiary of the ZIG Group the company only has one member and therefore considering the fairness between members is not necessary.

## **Long term decisions**

In 2019, the ZIG Group decided that the company would cease to be an issuer under the EMTN Programme.

It was further decided in the same year that the company would also cease to be an issuer under the Euro Commercial Programme (ECP).

The current business intention is to repay the issued Eurobond on the first callable date (2 October 2022), however this is dependent on UKISA repaying the £450m loan to the company on this date. On 25 February 2022 the UKISA Board approved early repayment of £450m loan to be on 2 October 2022, however this is still subject to regulatory agreement. The Board will remain informed through papers submitted closer to this date looking at redemption, coupon, and structure.

## **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, Zurich Employment Services Limited, in respect of employees who work on behalf of Zurich 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 statements of Zurich Employment Services Limited, Unity Place, 1 Carfax Close, Swindon, Wiltshire, United Kingdom, SN1 1AP.

However, the following summarises how Zurich UK considered employees in its deliberations:

- 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.
- Zurich UK 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 stakeholders*

The company does not have any suppliers or customers.

Bondholders are the main stakeholders for the company and are included as a creditor on the balance sheet. They receive annual coupon payments on their investment and will receive their initial principal back when the bond matures.

### *Business relationship with the 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 UK 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.
- Zurich UK holds membership of, and the Public Affairs Team works closely with, industry bodies such as the Association of British Insurers (ABI), Confederation of British Industry (CBI), and TheCityUK to ensure that Zurich UK 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.

### *Business relationship with the community*

- There are a wide range of initiatives and activities that we have been involved with engaging with society. A complete description of these activities can be found on <https://www.zurich.co.uk/sustainability/people-and-society>.

During the year the 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. Zurich Community Trust (UK) Limited plan to donate £1m to the education charity Teach First over the next five years to fund our new programme and provide support in the following ways:

- Direct funding to help schools navigate the challenges arising from the impact of COVID-19;
- Zurich UK employees will be asked to volunteer as part of Teach First's Coaching Programme;
- Supporting the professional development of teachers, in the classroom and in leadership positions;
- Running workshops with students in Year 9, 10 and 11 in schools throughout England, to help go through CVs, get interview advice, and receive a vocational introduction to insurance.

### *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 ZIG Group's ambition to be known as one of the most responsible and impactful businesses in the

world. The ZIG 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 ZIG 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 (Encouraging customer resilience against cyber-attacks by enabling confidence in our use of their data).

Sustainability is growing in importance for many of Zurich UK's stakeholders and the organisations it does business with. The passing of the Social Value Act in 2012 has increased this demand and a number of Zurich UK's customers now require us to provide information about our corporate responsibility and sustainability activity and targets.

In October 2021, Zurich UK hosted our second Youth Against Carbon Conference (YAC Con). The event is specifically designed to give young people a voice in 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. A full recording of the discussion can be found on <https://www.youtube.com/watch?v=tMKS14vmBR4>.

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