

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 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 and is subject to policies and governance arrangements set by the 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 of Directors has a duty to promote the success of the company under s172 of the Companies Act 2006. During 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; and
- Maintaining the company’s reputation for high standards of business conduct.

As a wholly owned subsidiary of ZIG 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 UK Life business and have a responsibility for the company. The principal disclosures in respect of these staff, including the approach to employee engagement, appear in the annual report and accounts of ZES.

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

- Employee engagement mechanisms included 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.

- Annual event held where a cross-section of employees are invited to present and provide updates on current matters or areas of focus.
- A talent pipeline is in place where there is focus on the performance of executives and key employees outside the executive, engagement is encouraged with those individuals through presenting at Board and Committee meetings, the strategy event, and deep dives on areas of focus.
- The Wellbeing hub provided 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 during the period was to act as an investment holding company and the principal employer of the Zurich Financial Services UK Pension Scheme (“Zurich Scheme”) and held the obligation to procure that the participating employers met their ongoing funding liabilities to the Pension Scheme. The company also guaranteed contributions to the Endsleigh Insurance Services Ltd Pension and Assurance Scheme. The company did not engage directly with the members of the pension schemes, this activity was carried out by the Trustees. Whilst the company did not have a right of veto on the decisions made by the respective Trustees, the company could 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 was in place which aimed to make Zurich an influential and prominent voice in all aspects of the public policy process. Its primary focus was 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 has membership in, and the Public Affairs Team works closely with, industry bodies such as the Association of British Insurers and ClimateWise to ensure that Zurich is coordinated and effective in influencing the public policy agenda.
- The UK Public Affairs Team provide timely updates on key government consultations and inquiries of relevance to the company. The UK Sustainability Team provides a fortnightly internal update on key sustainability developments in the UK along with global policy updates and competitor sustainability news.
- There were a wide range of initiatives and activities that supported engagement within local communities. A complete description of these activities can be found on [People and society | Zurich Insurance UK](#).

Impact of operations on sustainability

The UK Chief Sustainability Officer (“CSO”) is responsible for Sustainability, which is at the centre of Zurich’s ambition to be known as one of the most responsible and impactful businesses in the world.

The following summarises how the Board considered sustainability in its deliberations:

- The Board Risk Committee (“BRC”) 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 BRC assists the Board in carrying out its responsibilities in relation to the oversight of risk management in accordance with law and regulations.
- The UK CSO is responsible for climate change, and the BRC has approved a formal governance framework which includes a UK Corporate Responsibility and Sustainability Committee (“CR&SC”) (which convenes on a quarterly basis). This ensures the reporting and oversight of relevant management information in line with the ZIG group’s Sustainability Strategy.

The Group sustainability framework is consistently refreshed to ensure it remains applicable to the changing environment. The current framework aims to accelerate our ambition beyond our own operations and strengthen our role as insurer and investor. In the UK we have adopted this strategy, which is structured around three themes. Customer Sustainability, which aims to support our customers' transformation to a sustainable future across the insurance value chain; Planet Sustainability, working to achieve a Net-Zero, nature positive and climate resilient future; and People Sustainability, enabling the life-long employability for our people, while delivering on customer and societal needs.

The UK CSO is supported by a Corporate Responsibility & Sustainability Committee which is chaired by the Head of Public Affairs and Sustainability. The committee is an advisory management committee with no decision-making authority, comprised of members of the various functions of the Business and market facing units. The UK Sustainability Dashboard has been developed and is now the basis for the committee to challenge the effectiveness of sustainability activities to meet our targets and for the committee to consider the level of ambition in the UK.

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 were measured thoroughly in order to ensure confidence in what was said and done. These approaches were embedded throughout the organisation. There were a wide range of initiatives and activities that supported engagement with environmental issues. A complete description of these activities can be found on [Sustainability | Zurich Insurance UK](#).