

Duty to Promote Success of the Company ('Section 172(1) Statement')

Section 172 ("s172") of the Companies Act 2006 requires 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, employees, suppliers, regulators and the wider society in which the Company operates.

The Company is a wholly owned subsidiary of Zurich Insurance Group ("ZIG" or "Group") and is subject to policies and governance arrangements set by ZIG, 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 while 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 stakeholders, while 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.

During the financial year, the Board has considered the duty to promote the success of the Company when making decisions, including the:

- Likely consequences of any long-term decision
- Interests of employees
- Company's business relationships with suppliers, stakeholders and others
- Impact of the Company's operations on the community and the environment; and
- Maintenance of 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 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.

Policies around anti-bribery and corruption

In accordance with section 414CB of the Companies Act, the Company is covered by the Zurich UK Financial Crime policy, including Anti-Bribery and Corruption. The content for guidance documents and local standards is driven by the content of ZIG 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 Board receives periodic updates in respect of the workplace pensions schemes, impacts to policyholders, external guidance from a regulatory and legislative perspective, activities relating to, and undertaken by Company Nominated Directors and Member Nominated Directors, and engagement with Trustees as well as the independent trustee. Materials submitted to the Board, where appropriate, include coverage of stakeholder considerations and inform on what actions have been taken.

The Board considers the interests of stakeholders as part of its overall long-term business objectives, either through its own or by virtue of Zurich UK's engagement with employees, suppliers, communities, and regulators, including the sustainability commitments of the UK Business and wider Group.

Employees

As the Company does not have any direct employees, a management charge is made to the Company from multiple employing entities (Zurich UK General Employee Services Limited, Zurich UK General Services Limited, Zurich Employment Services Limited and Zurich Global Corporate UK Limited) in respect of employees who work on behalf of the Company and have a responsibility for the Company. The principal disclosures in respect of these staff, including the approach to employee engagement appear in the financial statements of Zurich UK General Employee Services Limited, Zurich UK General Services Limited, Zurich Employment Services Limited and Zurich Global Corporate UK Limited.

Whilst the Company does not have direct employees, the following summarises how Zurich 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, a talent pipeline, working conditions, wellbeing, reputation, benefits and rewards, diversity and inclusion, and responsible business
- Support for employees through its Flex Work scheme and Emergency Leave policy and regularly sought feedback and updates from senior management on morale and wellbeing; and
- The provision of a range of resources and tools through the Zurich UK Wellbeing hub to help employees keep active, healthy, and safe.

Suppliers

ZIG operates in a global sourcing environment, endeavouring to work with third parties and suppliers who operate responsibly, share Zurich values and adhere to the spirit of the Zurich Code of Conduct. All business partners are expected to embrace high standards of ethical and business conduct. Whilst the Company does not have any direct suppliers¹. The following summarises how Zurich UK considered suppliers in its business activities:

- Recruitment processes include robust checks throughout the on-boarding journey, to ensure we do not employ individuals that are facing, or are involved in, enforced servitude. All Zurich staff, on an annual basis, are expected to complete code of conduct training which includes content around fair and compliant conduct, and the protection of human rights
- Employees directly involved with on-boarding and management of suppliers also receive additional UK supplier management training and are made aware of how to report any concerns
- Oversight of suppliers is the responsibility of the UK Chief Operating Officer. A governance framework is in place to support the supply management lifecycle and 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-parties structure, operations, culture, human resources, supplier and stakeholder relationships and future outlook are assessed; and
- An integral aspect of Zurich's sustainability is our Supplier Code of Conduct (the "Code"), in which it provides clear guidance to ensure that our suppliers act in a manner that is compatible with our own ambitions. The Code sets out the environmental, social and ethical standards expected of our suppliers.

Communities

The Company believes in contributing positively to society and in having a positive impact on the communities in which it operates. The following summarises how the Company continues to consider its impact on communities:

- 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 or support on any external engagement activity
- Whilst the Company does not have any employees, Zurich UK has an established policy of communicating with its employees through regular all employee emails and workplace updates to promote its commitment to risk management, compliance, good conduct, social responsibility, diversity and inclusion, and maintaining employee wellbeing

¹ 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 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.

- The Company holds membership of, and the Public Affairs Team works closely with, industry bodies such as the Association of British Insurers (“ABI”), to ensure that it is coordinated and effective in influencing the public policy agenda
- The UK Public Affairs Team provides timely updates on key government consultations and inquiries of relevance to the Company. The UK Sustainability Team provide 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 we have been involved with engaging with society. A complete description of these activities can be found on the following website: <https://www.zurich.co.uk/sustainability/people-and-society>; and
- The UK business has a long record of supporting charitable activities of Zurich Community Trust (“ZCT”). ZCT’s Strategic Funding programmes focus on challenging social issues and support the most vulnerable in society. These programmes are wholly funded by the annual donation made to ZCT, by the Zurich UK businesses.

Regulators

Positive engagement with regulators ensures high business standards are maintained and that the interests of stakeholders are protected. The following summarises how the Board considered regulators in its deliberations:

- The Company maintains an open relationship with the Prudential Regulation Authority, the Financial Conduct Authority, and the Pensions Regulator which includes periodic dialogue and complying with all regulatory reporting requirements, including where appropriate the provision of management information; and
- The Board receives regular updates on the Company’s interactions with regulators including forthcoming changes to regulatory requirements.

Sustainability

Sustainability is at the centre of the UK business and part of ZIG’s purpose, which inspires us to leverage our business model to scale positive impact for customers, people and planet and to build partnerships that can drive transformative change. The Group aims to have a positive impact in its role as an insurer, investor, employer and in society and manage its own environmental, social and governance risks. The UK Chief Sustainability Officer (“CSO”) is responsible for Sustainability in the UK, which is at the centre of the Company’s ambition to be known as one of the most responsible and impactful businesses in the world.

The Social Value Act in 2012 has increased demand with many Zurich customer requirements to provide information about our corporate responsibility and sustainability activity and targets; our Climate Transition Plan, published in 2023, outlines how we plan to reach net-zero. Our Sustainability framework continues to build on our progress to date and aims to meet current and future needs of our stakeholders; and we will continue to use the levers we have as a global insurer to make a positive impact in the world.