

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

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 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 ("ZIG" or "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 stakeholders within a framework of prudent and effective controls, while enhancing the Company's long-term value to its shareholder through the sustainable and compliant delivery of financial performance targets.

During the financial year, the Board considered these duties when making decisions to further the Company's strategic purpose, including the:

- Likely consequences of any decision in the long-term;
- Interests of employees;
- 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 Board are not required to consider the fairness between members.

Long term decisions

The Board considered the interests of stakeholders as part of its overall long-term business objectives and continued to align the Company's strategic direction with the shareholder's aspirations. For each matter that was considered by the Board, stakeholders who may be impacted were 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.

Employees

As the Company does not have any direct employees, a management charge is made to the Company from the UK-registered employing entities 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.

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

- Employee engagement mechanisms including 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 the Flex Work scheme, Emergency Leave policy, and regular feedback and updates from senior management on morale and wellbeing.
- The Wellbeing hub provided a range of resources and tools to help employees keep active, healthy and safe.

Suppliers

The principal activity of the Company is as an investment holding company to companies within the Group and its source of income is dividends from its subsidiaries. The Company does not receive services from external suppliers.

As a business, 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.

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

- 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.

- The Board receives regular updates on supplier management. This provides commentary on all critical and important outsourcing arrangements in the UK. The Company is made aware of any challenges and what actions are being taken by the UK Outsourcing and Supplier Management team. The Board ensures that all outsourced critical functions and activities, delivered through external suppliers and intra-group arrangements, continue to be overseen by suitable governance arrangements.
- Our recruitment process has inbuilt robust checks completed throughout the on-boarding journey, to ensure we do not employ individuals that are facing or involved in, enforced servitude. Our annual Code of Conduct training is completed by all Zurich staff and includes content around fair and compliant conduct, including the protection of human rights.
- 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.
- Oversight of suppliers is the responsibility of the UK Operations Director, 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 third parties are assessed on structure, operations, culture, human resources, as well as supplier relationships and outlook.

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 relevant areas of public policy. Its primary focus is the identification and monitoring of key policy and legislative developments, and the communication of these to the wider business to determine whether to lead, drive, oppose or support, with consideration of any external engagement activity.
- The UK Public Affairs team provide internal updates on stakeholder engagement across the UK together with details of Government consultations and inquiries as relevant to the Company.
- 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 employees in the UK.
- There are a wide range of initiatives and activities that we have been involved with that focus on engagement with society. A complete description of these activities can be found on <https://www.zurich.co.uk/sustainability/people-and-society>.

Sustainability

Sustainability is at the centre of the UK business and part of the Group'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 holds responsibility for sustainability in the UK.

As the ultimate parent company, ZIG sets the sustainability strategy and goals for all Zurich entities globally. The UK business have set targets aligned to ZIG's sustainability strategy and manages sustainability actions to support the strategy and continue to build on our progress, aiming to meet the evolving needs of our stakeholders. Our ambitions are grouped across three focus areas - planet, customers and people. We will continue to use the levers we have as a global insurer to make a positive impact in the world. Under People Sustainability, as an employer and provider of protection solutions to millions of people, we seek to create a more skilled and inclusive society in our workforce and communities.

Sustainability continues to grow in importance for many of Zurich's stakeholders and the organisations we do business with. The passing of the Social Value Act in 2012 increased this demand and many of Zurich's customers now require us to provide information about our corporate responsibility and sustainability activity and targets. Zurich UK's Climate Transition Plan outlines how we plan to reach net-zero and is continuously monitored and updated.