

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 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 and is subject to policies and governance arrangements set by ZIG 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.

In making decisions to advance the Company's strategic objectives and in discharging its duties in accordance with s.172 of the Companies Act 2006, the Board has throughout the financial year, given careful consideration to the following matters:

- Likely consequences of any decision in the long term;
- Interests of employees;
- Company's business relationships with suppliers 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 deliberations 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 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 the UK-registered employing entities, ZES and Zurich UK General Services Limited ("ZUKGS") within the Zurich UK group.

However, the following summarises how Zurich 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 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

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:

- ZIG operates in a global sourcing environment, endeavouring to work with third parties and suppliers who operate responsibly, share ZIG's values, and adhere to the spirit of the ZIG's Code of Conduct. ZIG's commitment to respect human rights is part of ZIG'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.
- Zurich UK 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.

Communities

The Company believes in contributing positively to society to have a positive impact on the communities in which it operates.

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

- 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 also provides internal updates on stakeholder engagement across the UK together with details of Government consultations and inquiries as relevant to the business.
- 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>.
- The UK business has a long record of supporting the 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 funded by annual donations made to ZCT by 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

Climate risks are among the most complex risks facing society today, being intergenerational, international and interdependent. As part of ZIG, the UK business plays a strategically important role and is committed to managing both the physical and transitional impacts of climate change and supporting efforts to transition to a low-carbon economy. ZIG sets the sustainability strategy and goals for all Zurich entities globally, and the UK business aligns its targets and suitability actions to this strategy, adapting them to UK regulatory expectations. Our sustainability actions include measuring and reducing our operational carbon footprint, implementing our responsible investment strategy and contributing to wider sustainability initiatives where possible.

The UK Chief People & Sustainability Officer (“CP&SO”) oversees implementation of the Group Sustainability Framework and ensures sustainability priorities and targets are aligned and achieved across the UK business. Climate-related risks are identified through the Sustainability Risk Management Framework, which operates in line with the Zurich Risk Policy. The UK business also monitors emerging climate-related risks, including how these risks may develop over the long term through the continual development of scenario analysis.