Zurich Financial Services UK Pension Trustee Limited

Climate Change

Policy and Procedure

UK Pensions and Benefits
Last reviewed: September 2025

Contents

1. Executive summary

1.1. This policy: sets out the Trustee's views on climate change as a risk and opportunity and sets out the work carried out by the Trustee in relation to climate change.

1.2. The Trustee recognises that climate change risk deserves specific attention over and above that given to more general Environmental, Social and Governance (ESG) factors due to its likely material impact on Scheme assets and member outcomes.

1.3. The Trustee reviews this policy periodically to ensure continued compliance with the relevant legislation, regulations and guidance and industry best practice.

1.4. This policy will be considered by the Trustee on 29 September 2025.

2. Introduction and definitions

2.1 Introduction

The Trustee is the trustee of the Zurich Financial Services UK Pension Scheme (the "pension scheme").

The Funding Committee is a Trustee sub-Committee with responsibility for overseeing and managing the DB arrangements (ZPen and ESExec). The Committee manages investment and valuation matters with a view to ensuring the Scheme is appropriately funded, providing oversight and guidance in line with relevant legal and regulatory requirements.

The Funding Committee has delegated authority from the Trustee in respect of investment matters, except where a change to scheme documentation is required, for example the Statement of Investment Principles. There is no delegated authority in respect of valuation matters.

The DC Committee is a Trustee sub-committee with responsibility for overseeing and managing the DC arrangements (ZCashBuilder and legacy AVCs). The Committee manages the DC arrangements with a view to ensuring good member outcomes, providing oversight and guidance in line with relevant legal and regulatory requirements.

The DC Committee has delegated authority from the Trustee in respect of investment matters, except where a change to scheme documentation is required, for example the Statement of Investment Principles.

2.2 Definitions

Statement of Investment Principles (SIP). This document sets out the Trustee's investment strategy, including investment objectives and investment policies adopted by the Trustee. The Trustee publishes two SIPs which are reviewed at least every three years:

- The DB SIP covers the final salary assets.
- The DC SIP covers the defined contribution assets.

Implementation Statement. This document is published annually and sets out how the Trustee has followed the policies in the SIP relating to stewardship and engagement. The Trustee publishes two Implementation Statements to align with its SIPs.

Task Force on Climate-related Financial Disclosures (TCFD): The Trustee publishes an annual TCFD report which aims to provide a clear understanding of the financial implications of climate change on the Scheme and key Scheme activities over the year. This report covers both final salary and defined contribution assets.

Responsible Investment (RI) is the incorporation of environment, social and governance (ESG) issues into the selection and management of investments. It includes active ownership and stewardship.

POLICY AND PROCEDURE

3. Policy as it relates to the operation of the Scheme

3.1. The Trustee has a fiduciary duty to act in the best interests of their beneficiaries and members. As climate change poses significant financial risks and opportunities it is essential to assess and manage these factors to protect and enhance the long-term value of the Scheme's investments.

3.1.1. To help meet its fiduciary duty in relation to climate change the Trustee:

- Appoints investment advisers, all of which have climate-related objectives set within the annual investment consultant objectives.
- Appoints a Responsible Investment Champion to oversee the day to day implementation of the RI strategy.
- Appoints a nominated Trustee for RI to oversee the integration of RI into the Scheme's investment strategies.
- Integrates climate risk into the integrated risk management framework for the final salary assets.
- Uses Total Risk Profiling methodology to consider climate change risk.

3.2. The Scheme's formal RI strategy has five core principles:

What	We believe that incorporating ESG factors into investment decisions improves long term risk-adjusted returns We are an active owner – we vote proxies and engage, where appropriate
How	We take a pragmatic approach to responsible investments – we focus on what matters We note Zurich Group's strategy and will leverage its global resources where it makes sense
When	We will evolve our responsible investment approach over time – and acknowledge that we will never be done

3.3. The Trustee monitors voting and engagement activities delegated to the asset managers in line with its Stewardship policy.

3.4. The Trustee holds annual RI meetings with its asset managers and investment platform provider.

4. Policy as it relates to the final salary assets in the Scheme

4.1 The majority of investments held in this arrangement are held directly which means the Trustee can directly influence the mandate and objectives pursued.

5. Policy as it relates to the defined contribution assets in the Scheme

5.1. The DC assets are all in pooled funds so the Trustee has adopted a policy of delegating voting decisions and engagement with companies to the fund managers who are expected to exercise the voting rights attached to individual investments in accordance with their house policy

5.2. The DC Committee reviews the default strategies every three years. Climate change risks and opportunities are considered as part of this review.

6. Summary of documentation and reporting

6.1. The Trustee sets out its climate change policies and principles in the SIPs.

6.2. The Trustee meets at least annually with its fund managers to discuss the risk and opportunities around climate change and what stewardship actions have been taken. These are reported in the Implementation Statement.

6.3. The Trustee reports annually on how it follows these policies and procedures, including:

Topic	SIP	Implementation Statement	TCFD Report
Trustee's Stewardship principles	Yes		
Trustee policy for taking RI into account when selecting fund manager	Yes		
Trustee policy for taking RI into account when considering its investment strategy and asset allocation	Yes		
Trustee policy on voting	Yes		
Trustee policy on engagement as part of stewardship	Yes		
Trustee's stewardship themes	Yes		
Trustee's expectation of managers	Yes		
How the Trustee's policies have been applied over the year ending 30 June.		Yes	
How RI was taken into account during the last review of the default strategy		Yes (DC)	
How the Trustee's RI policy links to the SIPs		Yes	

Summary of RI meetings with fund managers.		Yes	
Summary of resolutions voted on during the year		Yes	
Some example significant votes exercised during the year		Yes	
Key areas of strategy development over the year			Yes
Identified climate change risks and opportunities			Yes
Trustee’s net-zero ambition			Yes
Scenario analysis exploring how Scheme’s asset5s would behave under certain conditions			Yes
Managing climate change risks and opportunities			Yes
Metrics reporting, including emissions based metrics			Yes

7. Reviewing the policy

7.1. The Trustee will periodically review this policy to establish whether it remains appropriate for the Scheme.

7.2. The review will take place every three to five years or earlier if there has been a material change to legislation, regulations or guidance.

7.3. If the outcome of the review is that the policy remains appropriate then no changes will be made.

8. Legislation, regulations and codes of practice

Legislation, regulation or code	Requirement	Comment	Met?
TPR: General Code	Sets out work Trustee should carry out in relation to climate change.	Trustee is aware of these requirements.	●
Occupational Pension Schemes (investment) Regulations 2005, including modifications and Section 35 of the 1995 Act.	Regulations on SIPs, including for default investment strategies.	Trustee is aware of these regulations which are used in preparing the SIPs.	●
Occupational Pension Schemes (Charges and Governance) Regulations 2015	Regulations on SIPs, including for default investment strategies.	Trustee is aware of these regulations which are used in preparing the SIPs.	●
Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019	Regulations on content of Implementation Statement.	Trustee is aware of these regulations which are used in preparing the Implementation Statement.	●
Occupational Pension Schemes (Climate	Statutory requirement for schemes with assets over	Trustee is aware of this requirement and this	●

Change Governance and reporting) (Amendment, Modification and Transitional Provisions), Regulations 2022	£5bn to publish TCFD report.	statement is published annually.	

● requirement fully met ● requirement partially met ● requirement not yet met