

2025 Annual Board Report

SuperCAPP Policyholders

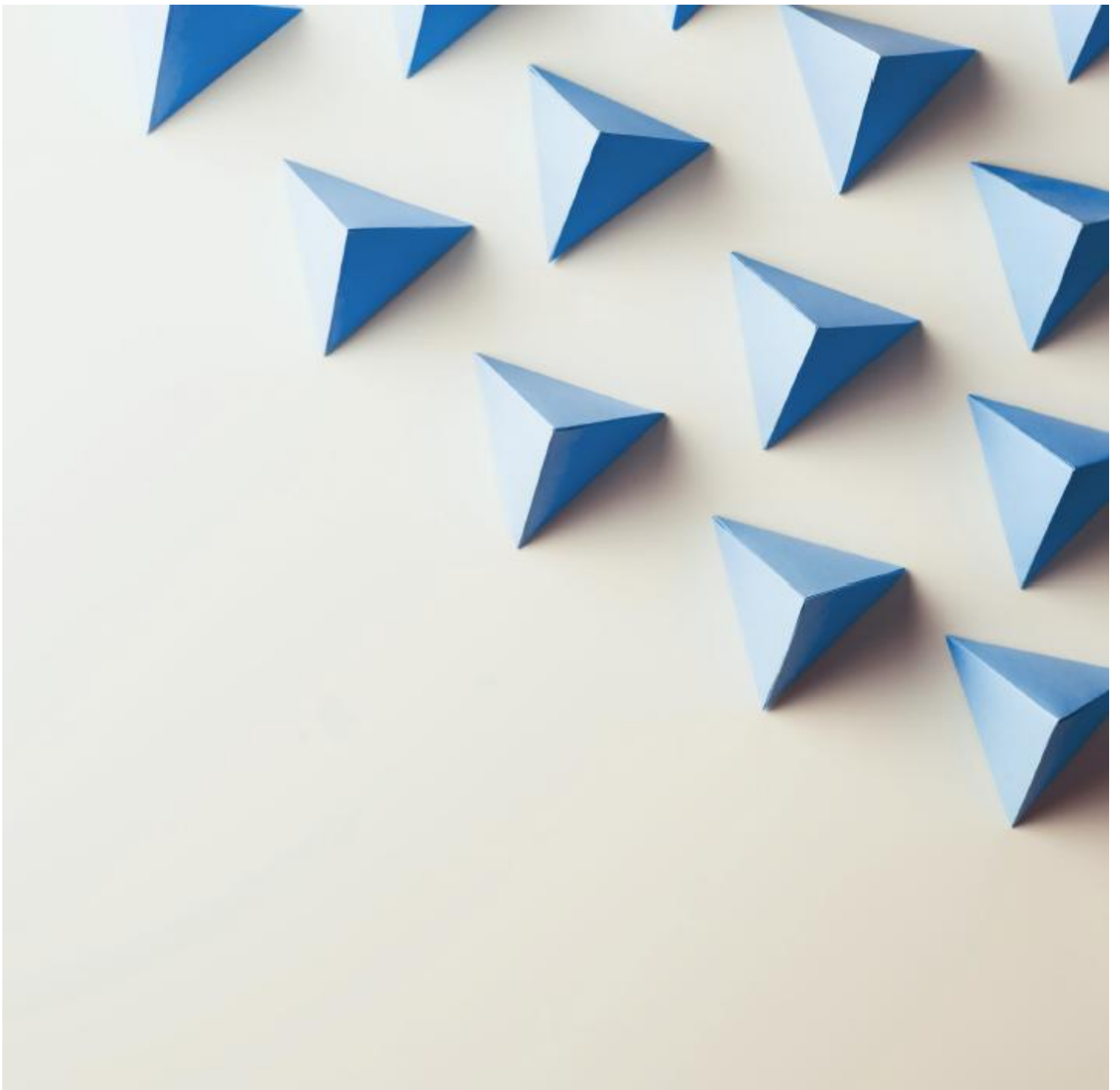


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1. Executive Summary

1.1 Introduction

The SuperCAPP With-Profits Operating Principles (WPOP) document sets out the principles that Zurich Life Assurance plc ('ZLAP' or 'the Company') uses to manage the SuperCAPP *Unitised With-Profits fund* ('the Fund'). The Board of Directors of the Company ('the Board') is required under the Central Bank of Ireland ("CBI") Domestic Actuarial Regime to produce an annual report to With-Profits policyholders on the consistency of the management of the Fund over the previous year with the principles detailed in the WPOP document. The purpose of this report is to meet this requirement.

The requirements relating to With-Profits funds in the Domestic Actuarial Regime came into effect from 1st January 2020. The latest version of the WPOP document for the SuperCAPP fund was published in June 2026.

This report covers the management of the Fund over the calendar year 2025. This report should be read in conjunction with the latest WPOP document (Issue Date: June 2026).

The WPOP covers the following aspects of the management of the Fund:

- Benefits
- Investment strategy
- Business risk
- Charges and Expenses
- Equity between With-Profits policyholders and the Company

Section 2 of this report considers each of these sections of the WPOP in turn.

1.2 Conclusion

It is the opinion of the Board that the Company has complied with the principles as set out in the SuperCAPP WPOP during 2025.

In coming to this view the Board has taken account of advice and recommendations from the *ZLAP Head of Actuarial Function (HoAF)* and the *With Profits Committee*.

In arriving at its opinion, the Board have been supported by the opinion of the *HoAF* to the Board on the ongoing compliance with the principles detailed in the WPOP.

The *HoAF* has made proposals to the Board on distributions of profits to policyholders through *Annual Dividends*, *Special Dividends* and allocations of the *Inherited Estate*. The *HoAF* did not raise any exceptions or qualifications in their opinion to the Board.

2. Compliance with the WPOP

In this Section of the Report, compliance with each section of the WPOP is considered in turn. This section should be read in conjunction with the WPOP document (Issue Date: June 2026). The WPOP principles are summarised below to provide context and to assist the reader however the WPOP document is primary.

2.1 Benefits

Principles

The Benefits section of the WPOP outlines the principles which are applied when declaring dividends and applying *Guaranteed Benefits*. Policyholders invested in the Fund will, in aggregate, receive at least 95% of the earnings on their collective investment in the Fund over the long term. The earnings or benefits are distributed through *Annual Dividends*, *Special Dividends* and *Guaranteed Benefits*.

Calendar Year 2025

The *Annual Dividends* approved by the Board in 2025 were aligned with the *With-Profits Committee* recommendations and were within the feasible ranges recommended by the *HoAF*.

There were no changes to the methodology or process for calculating *Special Dividends* or the criteria to qualify for a *Special Dividend* in 2025. The 95% allocation of investment earnings to policyholders remained unchanged during 2025.

There was no change to the allocation of the cost of *Guaranteed Benefits* in 2025. The Company did not apply a *Market Level Adjustment* during 2025.

Conclusion

During 2025, the benefit decisions made by the Board were consistent with the principles of the WPOP document, the advice of the *HoAF* and the recommendations of the *With Profits Committee*.

2.2 Investment Strategy

Principles

This section of the WPOP notes the investment objective and mix of assets in the Fund and sets principles for how the Investment Strategy of the Fund will be set to meet the investment objective.

The Board is responsible for setting the Investment Strategy for the Fund having regard to the advice of the *With-Profits Committee* and to the WPOP principles.

The *Asset Liability Management and Investment Committee (ALMIC)* sets and enforces the investment guidelines of the Fund which specify permitted asset classes, target allocations, tolerance limits, performance benchmarks, credit quality limits and concentration limits. The Fund has equity and interest rate derivatives to protect against investment risk.

Calendar Year 2025

There was no change to the Investment Strategy for the Fund in 2025. The *ALMIC* met and monitored the investment guidelines during 2025 in line with the Company's Governance Rules and the *ALMIC* Terms of Reference. There were no control failures relating to the Investment Strategy in 2025.

Conclusion

During 2025, the Company complied with the principles in the WPOP document in relation to the Investment Strategy.

2.3 Business Risk

Principles

This section of the WPOP deals with business risks relating to the Fund and prescribes principles in respect of the management of the *Inherited Estate*.

Policyholders invested in the Fund are entitled to a share of the Fund's distributable investment earnings. These policyholders are therefore exposed to investment and credit risk. The Fund uses derivatives to reduce investment risk. The Fund mitigates credit risk for example by holding high quality core Eurozone government bonds and collateralising derivative exposures.

Policyholders invested in the Fund are exposed to the risk of guarantees which are paid through the Fund applying and depleting the *Inherited Estate*. The WPOP outlines the principles which are used to manage the *Inherited Estate*.

Business Risk in 2025

The Fund continues to hold high quality core Eurozone government bonds and to collateralise derivative exposures in order to mitigate credit risk. There were no changes in 2025 to the hedging strategies which are used to reduce investment risk. The *ALMIC* met and monitored the use of derivatives during 2025 in

line with the Company's Governance Rules and the *ALMIC* Terms of Reference. There were no control failures relating to the use of derivatives in 2025.

The cost of *Guaranteed Benefits* was allocated in line with the WPOP in 2025.

The Company seeks to maintain the Fund's *Inherited Estate* so that it continues to provide adequate working capital to support the Fund. In 2025, there was no active distribution of the *Inherited Estate*. The Fund closed to new business in 2021 to protect the interests of all policyholders in the Fund given the ongoing low interest rate environment. The fund is only accepting inflows from existing customers in very limited circumstances.

Conclusion

During 2025, the Company complied with the principles in the WPOP document in relation to Business Risk.

2.4 Charges and Expenses

Principles

This section of the WPOP describes the charges and expenses relating to investments in the Fund.

Policyholders invested in the Fund will, in aggregate, receive at least 95% of the earnings on their collective investment in the Fund over the long term. Normal practice is that policyholders receive exactly 95% of distributable earnings over the long term, with the remaining 5% being a charge collected by the Company.

For products which allow investment in the Fund, the management charges are defined at the product level. The impact of these charges is to reduce the level of the *Investment Account*. The calculation of *Asset Shares* is undertaken at the policy level and reflects the charging structure for each individual policy.

The cost of administration is borne by the Company as policyholders only share in the investment surplus. Administration expenses are not allocated to policies when calculating *Asset Shares*.

Investment management expenses (for example investment market transaction costs) are paid by the Fund and are included in the calculation of policy level *Asset Shares* through a reduction in investment returns.

Calendar Year 2025

There were no changes to the Company's approach to the Fund's charges and expenses in 2025. Product level charges continue to be reflected at the individual policy level in the *Asset Share* calculation. Administration expenses continue to be borne by the Company. Investment management expenses continue to be paid by the Fund.

Conclusion

During 2025, the Company complied with the principles in the WPOP document in relation to Charges and Expenses.

2.5 Equity between With-Profits policyholders and the Company

Principles

The Board applies discretion in the management of the Fund and therefore there is a potential for conflicts between the interests of policyholders and the Company to arise. The Board has set the following principles in the WPOP to aid in managing potential conflicts of interest.

- The Company will not break the rule that policyholders invested in the Fund will, in aggregate, receive at least 95% of the earnings on their collective investment in the Fund over the long term.
- Normal practice is that policyholders, in aggregate, receive exactly 95% of distributable earnings over the long term. Dividends are not funded from Company funds unless there is a contractual guarantee that has arisen following exhaustion of the *Inherited Estate*.

- The Fund's Investment Strategy will reflect the interest of all stakeholders in the Fund and will not be tailored solely to reduce the risk for the Company.
- *Annual Dividend* rates will reflect the long-term sustainable dividend and will not be set solely to attract new business to the detriment of existing policyholders.

Calendar Year 2025

The WPOP notes that the Board will exercise its responsibilities in relation to the management of the Fund in line with the principals above so as to protect the interests of policyholders.

These principles have been referenced and adhered to by the Board when making decisions on the management of the fund in 2025.

As noted above, the Company has a clear principle that policyholders invested in the Fund will, in aggregate, receive at least 95% of the earnings on their collective investment in the funds over the long term. The 95% allocation to policyholders remained unchanged during 2025.

Conclusion

The Board's opinion is that the principles included in the WPOP are appropriate for the effective management of competing or conflicting interests or expectations between policyholders in the Fund and the Company.

During 2025 the compliance with the safeguards set out in the WPOP and the effective operation of the governance structures ensured that the Company managed competing or conflicting interests or expectations between policyholders in the Fund and the Company fairly.

3. Glossary

An explanation of the technical terms found in this document follows. These terms have been printed in *italics* during the course of this document.

Annual Dividend

The *Annual Dividend* is the amount distributed to policyholders via a change in the daily unit price of the underlying *Unitised With-Profits Fund* units in a calendar year. An interim *Annual Dividend* is declared at the start of each calendar year and a final *Annual Dividend* for that calendar year is confirmed at the start of the next calendar year. The final *Annual Dividend* may differ from the interim *Annual Dividend*.

Asset Liability Management Investment Committee ("ALMIC")

The *ALMIC* is an internal management committee which forms part of the Company's overall governance structure.

Asset Share

A measure of the share of assets in a Unitised With-Profits Fund which is theoretically attributable to an individual policy or *Cohort* of policies, calculated by accumulating all inflows (e.g. premiums, fund switches) at the rates of return earned on the Fund, after allowing for all outflows (e.g. policy charges and encashments).

Cohorts

Policies investing in the SuperCAPP Fund are grouped with similar policies for the purpose of calculating *Special Dividend* rates. Such groupings are known as "*Cohorts*". These *Cohorts* aggregate policyholders into bands based on year of entry into the Fund, premium frequency of their policy (single and regular premium) and product type (e.g. PRSA policies have separate *Cohorts* to non-PRSA policies).

Guaranteed Benefits

The guaranteed minimum level of benefits payable on a claim under a life insurance or pension policy, as defined in the policy conditions. Different levels of *Guaranteed Benefits* may apply in different circumstances, such as on death or at maturity.

Head of Actuarial Function ("HoAF")

Under Solvency II all (re)insurance undertakings are required to have in place an effective Actuarial Function. The Domestic Actuarial Regime issued by the Central Bank of Ireland prescribes a governance framework relating to the Actuarial Function which includes a requirement to appoint an individual to take responsibility for that key function, called the *Head of Actuarial Function ("HoAF")*.

Inherited Estate

The *Inherited Estate* is the excess of the fund value over policyholder *Asset Shares*. Normal practice is that policyholders, in aggregate, receive exactly 95% of any distributions from the *Inherited Estate* with the remaining 5% being a charge collected by the Company.

Investment Account

Every policy invested in the Fund has an *Investment Account*. The *Investment Account* is the value of all inflows (e.g. premiums, fund switches) after allowing for all outflows (e.g. charges, encashments), accumulated at the *Annual Dividends* declared by the Company.

Market Level Adjustment ("MLA")

An adjustment which may be applied to the amount payable under a Unitised With-Profits policy in certain circumstances if the value of the *Asset Share* is lower than the value of the *Investment Account*. An *MLA* may be applied to the entirety of the Fund or to one or more *Cohorts* of the Fund.

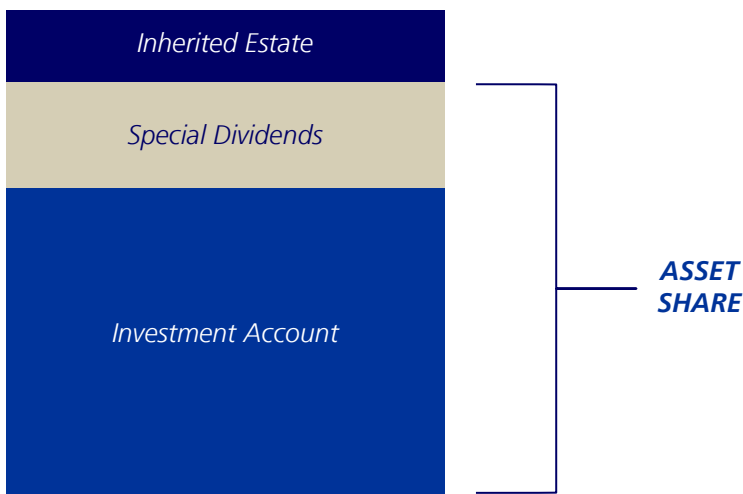
Special Dividend

A bonus which may become payable on withdrawal of money invested in the Fund for five or more years. *Special Dividends* are updated quarterly to reflect the latest investment return on the Fund.

Unitised With-Profits ("UWP") Fund

The SuperCAPP Fund is a Unitised With-Profits Fund. This means that although the percentage of investment earnings distributed to individual policyholders will vary, policyholders in aggregate will receive at least 95% of the earnings on their collective investment in the Fund. Normal practice is that policyholders, in aggregate, receive exactly 95% of distributable earnings, with the remaining 5% being a charge collected by the Company. Dividends are not funded by the Company unless there is a contractual guarantee that has arisen following exhaustion of the *Inherited Estate*.

The following diagram illustrates how the component parts of a *UWP* Fund (defined above) combine in adding up to the total invested assets of the Fund:



With-Profits Committee ("WPC")

The *WPC* is an internal management committee which forms part of the Company's overall governance structure.

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