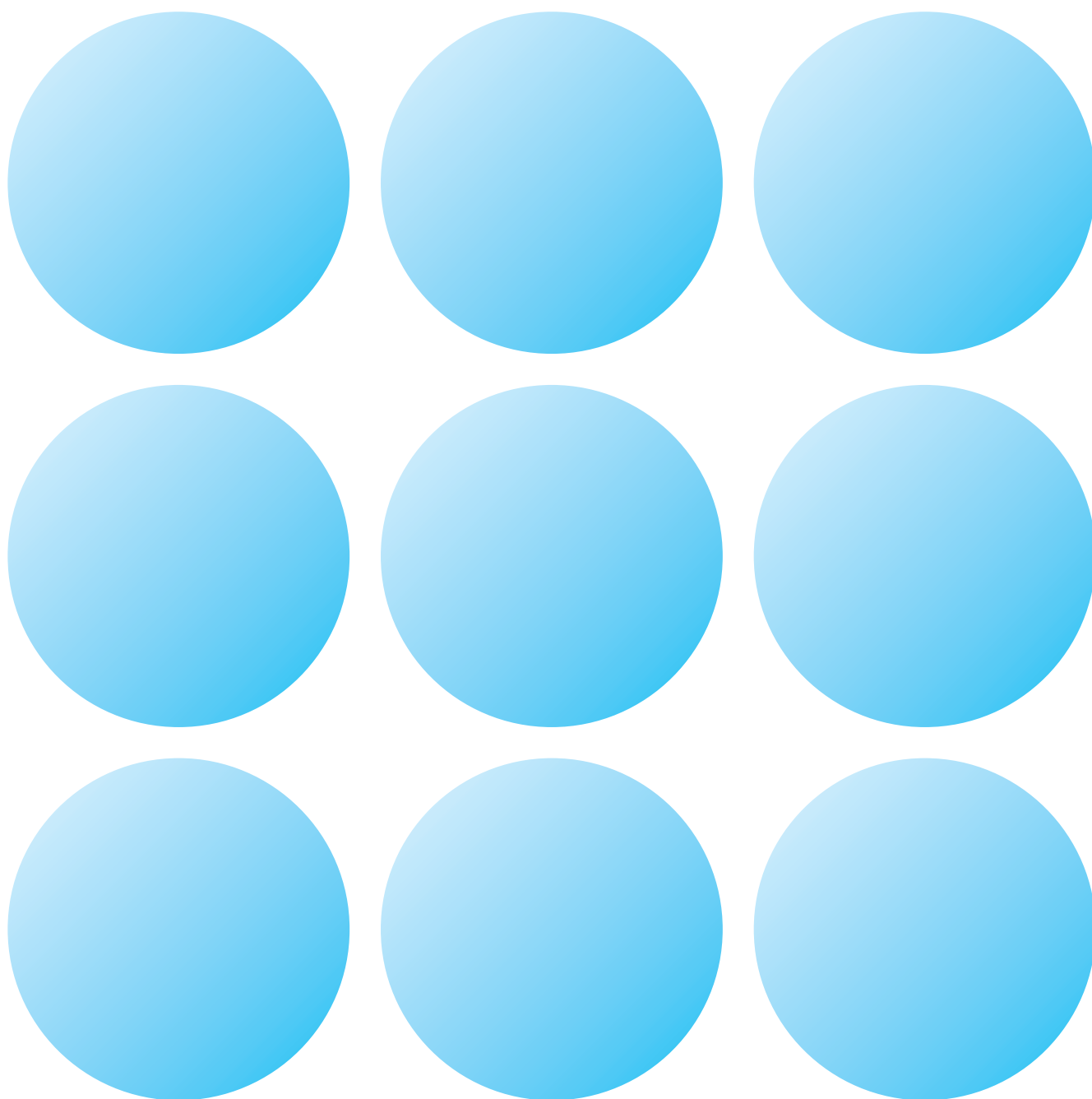


Zurich Financial Services **in the UK**

2008 Year-end report for Health and Safety



2008 Year-end report

1. Governance

As a world-class provider of financial services, we are committed to managing health & safety to a high standard. The Health & Safety Strategic Management Group (H&SSMG) provides Zurich's UK employing companies with a single consultative committee in compliance with the Safety Representatives and Safety Committees Regulations, 1977 and the the Health and Safety (Consultation with Employees) Regulations 1996. Its role is to lead Health & Safety policy-making so that a legally compliant and consistent approach can be implemented across the UK business. During 2008 the responsibility for managing UK health & safety transferred from UK Risk to UK Corporate Real Estate & Facilities Management (CRE & FM).

Throughout the year the Employing Boards and the Executive Committees have continued to receive reports on the operation of the H&SSMG.

The H&SSMG's working groups on occupational road risk, managing pressure at work and home-based workers and field staff continued with their work and a review of the group's terms of reference in 2009 will ensure that properly focused objectives deliver appropriate risk reduction strategies.

2. Risk profiling

During 2008 the risk profile conducted in 2007 was continually reviewed and the agreed actions to reduce risk were undertaken. This exercise provided a framework agenda for the H&SSMG during 2008. The UK H&S risk profile will be fully reviewed in early 2009.

3. Progress on the top Health & Safety risks (as identified by TRP)

3.1 Occupational road risk (risk level C2)

The H&SSMG's Driver Safety pilot scheme is currently being implemented. 200 identified "high risk" drivers have begun the on-line road risk assessments and line managers are being copied into reminders sent to those who have been slow to complete the exercise. The risk of driver fatigue, particularly after flying, has been tackled by provision of clearer guidance. The Motor Declaration requirements are a key feature of our driver risk reduction strategy, essential in ensuring that Zurich's liabilities are successfully mitigated.

3.2 Managing pressure at work (risk level B3)

HR in conjunction with the H&SSMG launched a project aiming to improve "employee resilience" in order that we continue to manage a highly effective business with strong results. Efforts are being concentrated in a holistic way and on three elements: leadership, work solutions and wellbeing. This includes awareness of BUPA and Health Management's guidance on a wide range of lifestyle and occupational health issues. The staff Wellbeing facility provided through Flexible Benefits has provided a valuable resource for staff to access and our stress management procedures have been refreshed during 2008. It is anticipated that this project will have a positive impact during 2009.

3.3 Incident Management

Our focus on ensuring that each location has a current incident management process in place has continued during 2008. All locations having more than 10 staff have established a local incident response team (IRT), all of whom have been trained and briefed on their local plans. Each location has provided a quarterly status report that has demonstrated preparedness. The UK wide Shared Services support team (Virtual IRT) has also been reviewed and updated and desk top exercises have been successfully completed at all major locations. We have experienced a number of incidents during 2008 ranging from fire alarm actions, power failures and severe weather events during which, local teams were activated and all incidents were managed successfully. Valuable learnings have been taken from these experiences enabling us to continually develop and improve our arrangements.

3.4 People Manager Responsibilities

The web-conference developed in 2007 to acquaint all line managers with their responsibilities for Health, Safety and Business Continuity was successfully progressed with more than 800 managers taking part. The presentation includes a series of on-line questions to reinforce the learning.

During 2008 we reviewed our key training programmes and have subsequently made good use of our Web Conferencing facilities. In particular, we have been able to deliver our Managing Safety in Office Premise programme in one day, supplementing the programme with specific Web Cast modules that have delivered efficiencies and improved access to the required programme material.

4. Monitoring

During 2008 a total of 33 offices were audited of which 28 were able to demonstrate a high level of compliance with our policy. Detailed improvement action plans have been implemented for the 5 location that did not achieve the required standard. Zurich sets a high standard of compliance and key to achieving this is our process of continual improvement. **The H&SSMG has again made awards for good health and safety management** based on the extent to which our buildings comply with the UK Health and Safety Policy. The awards look at all areas from physical working conditions to more subtle welfare needs across the different business divisions and on a location by location basis, and for 2008 the winners were:

- Global Corporate UK for managing the collaboration with other businesses sharing the London Underwriting Centre and making the greatest improvement between 2007 and 2008 (up by 12% on 2007).
- Cardiff as the location having the top score in 2008 (98% compliance up from 94% in 2007).
- Once again, Zurich has not been subject to any enforcement action or improvement notices by the Health & Safety Executive, Environmental Health Officers or Fire and Emergency Services.

Accident statistics across our UK locations have been collected since 1988. Zurich strives to eliminate work-related accidents and illness. However we have inevitably had some incidents amongst our UK population of about 7,900 employees. We have seen a notable reduction in the number of accidents reported, with 115 reported accidents in 2008 (192 in 2007), with only 6 requiring notification to the HSE (16 in 2007). Each accident was investigated and learning points noted with a view to preventing any recurrence.

There were no major incidents during the year although a serious injury was sustained by a contractor working in a Life premises in Swindon. An item of heavy plant fell whilst being moved into position, resulting in the contractor losing part of a finger. Our contractor's procedures were reviewed and improved risk assessment processes introduced which have delivered greater assurance and control over the contractors operations.

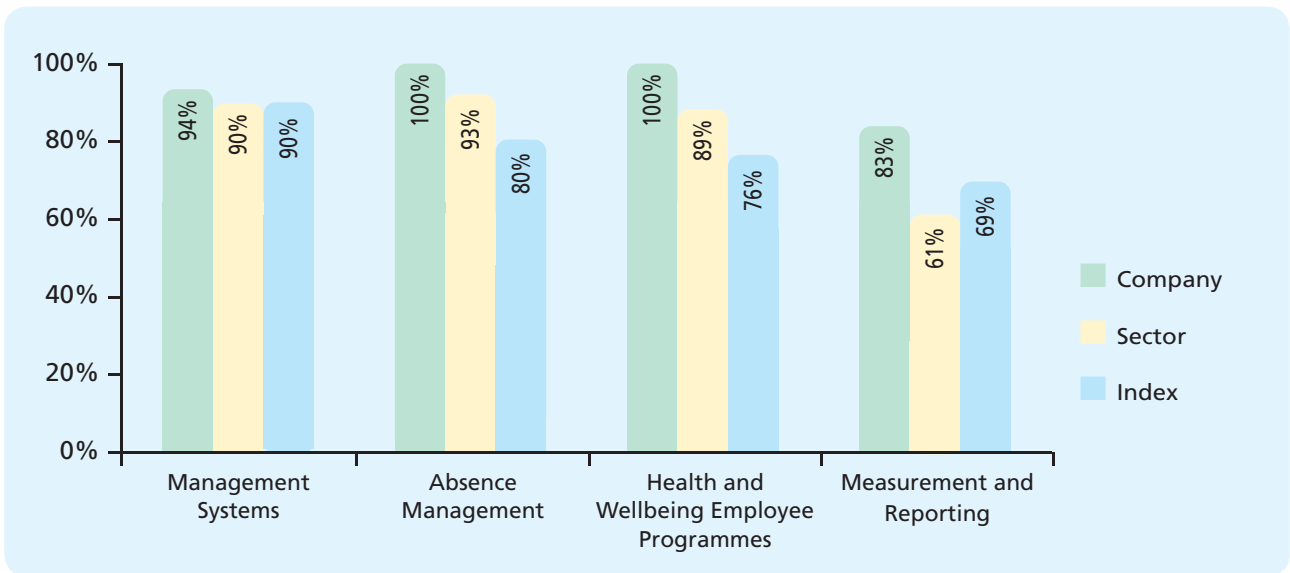
5. Benchmarking

We have maintained contact with a wide range of stakeholders, including: legislators and regulators, local communities, analysts (through the Corporate Centre), investors, suppliers, customers, consumers, industry associations, NGOs, academia and the media. We have shared best practices by participation in the Safety, Health & Environmental Intra-industry Benchmarking Association (SHEiBA) and participated in their accident performance rating (top quartile in all measures and 2nd overall for least accidents).

In September 2008 we again participated in the Business in the Community's (BiTC) annual Corporate Responsibility survey. Our overall score of 93% (87.5 in 2007) moved Zurich up into the Gold Band of top UK companies.

Health, Safety and Wellbeing was one of three social impact areas considered and the results are presented in the following histogram. In 2008 the H&SSMG focussed on enhancing the absence management processes and quality of information which is reflected in the marked improvement across all dimensions.

Health, Safety and Well-being



6. External reporting

For the sixth year our annual Health & Safety report is being disseminated within Zurich as well as through the Corporate Responsibility section of <http://www.zurich.co.uk/>.