

Duty to Promote the Success of the Company in accordance with s172(1) Companies Act 2006

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 of Zurich Insurance Group Ltd (the 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 customers whilst enhancing the Company's long-term value to its shareholder through the sustainable and compliant delivery of financial performance targets and the fair treatment of its customers within a framework of prudent and effective controls.

When making decisions to further the Company's strategic purpose, the Board has a duty to promote the success of the Company under s172 of the Companies Act 2006. During the course of the financial year, the Board has given consideration to this duty when making decisions, including the:

- Likely consequences of any decision in the long term;
- Interests of employees;
- Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and the environment; and
- maintaining the Company's reputation for high standards of business conduct.

As a wholly owned subsidiary of the Group the Company only has one member and therefore the Board do not need to consider the fairness between members.

Long-Term Decisions

The Board continually assesses the long-term strategy of the company and the integration into the Zurich business. Regular updates are provided on the progress of the strategy and integration.

Stakeholder engagement

The following sets out details of key stakeholder engagement undertaken by the Company during the course of 2020.

Employees

The Company does not have direct employees but a management charge is made to the company from the UK employing entity Zurich UK General Services Limited ("ZUKGS") in respect of employees who work on behalf of 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 statement of Zurich UK General Services Limited, The Zurich Centre, 3000 Parkway, Whiteley, Fareham, PO15 7JZ.

However, the following summarises how the Board considered employees in its deliberations:

- The Board receives regular people updates through the quarterly Business Update Report.
- The Company's employee engagement mechanisms include receiving regular updates on the results of employee surveys to keep fully apprised of employee engagement levels and the quality of leadership across the workforce.
- The Company recognised the challenges faced by employees throughout the COVID-19 pandemic and was committed to supporting employees through its Flex Work scheme and Emergency Leave policy and regularly sought feedback and updates from senior management on morale and wellbeing.
- The Wellbeing hub provides a range of resources and tools to help employees keep active, healthy and safe.

Suppliers, customers and others

We expect all of 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:

- As an underwriting agent, the Board maintains oversight over broker relationships through regular distribution updates. The Board has visibility of both performing and under-performing brokers. Regular business updates allow the Board to assess performance and strategy.
- The Board requests regular reports on customers and acknowledged that delivering the right customer outcomes is central to the Company's proposition. The Board has oversight of what activities are in place to ensure that customer outcomes are achieved. The Board also receives an overview of any customer complaints received and issues are escalated when required. Customer outcomes are assessed by way of a quantitative MI dashboard.

Communities

The Company believes in contributing positively to society in order 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 aspects of the public policy process. Its primary focus is the identification and monitoring of key regulatory and legislative developments, and the communication of these to the wider business to determine whether to lead, drive, or support, on any external engagement activity.
- The UK Public Affairs team provide a weekly internal update on stakeholder engagement across the UK together with details of government consultations and inquiries of relevance to the Company.
- The Company is committed to diversity and inclusion and Zurich UK has signed up to the Race At Work Charter, an initiative designed to improve outcomes for Black, Asian and Minority Ethnic (BAME) employees in the UK.

Sustainability

The Head of Public Affairs is responsible for Sustainability, which is at the centre of the Group and Company's ambition to be known as one of the most responsible and impactful businesses in the world.

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

- The Group aims to be a responsible and sustainable business supporting customers and communities and managing its own environmental, social and governance risks.

Business conduct

The Board regularly considers the performance of the business and how to ensure this in the long term. The Board is informed when any strategy changes are implemented, such as pricing, and how customers have been considered in these decisions.