

## **Corporate Governance Arrangements and Duty to Promote Success of the Company in accordance with s172(1) Companies Act 2006**

The Company is a wholly owned subsidiary entity of Zurich Insurance Group Ltd ("ZIG") and is subject to policies and governance arrangements set by the ZIG group as well as UK local statutory and regulatory requirements. The Board of Directors ("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 activity of the Company is to act as a holding company and the principal activity of its subsidiary undertakings is the provision of services to other group companies and

### **Our Commitment to Section 172**

When making decisions to further the Company's strategic purpose, the Board of Directors 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 ZIG group the Company only has one member and therefore the directors do not need to consider the fairness between members.

### **Long term decisions**

The Board continually assesses the long term strategy of the Company and its long term value to the shareholder. In doing so it oversees its subsidiary undertakings who support the group's insurance business enhancing its 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.

### **Interests of employees**

The Company does not have any direct employees, but a management charge is made to the Company from the UK employing entity, Zurich UK General Employee Services Limited, in respect of employees who work on behalf of the P&C business and have a responsibility for the Company. The principal disclosures in respect of these staff, including the approach to employee engagement and particularly support provided since the commencement of the Covid-19 pandemic, appear in the financial statements of Zurich UK General Employee Services Limited, Zurich UK General Services Limited and Zurich Global Corporate UK Limited, copies of which can be obtained from The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ.

### **Stakeholder Relationships and Engagement**

The principal activity of the Company is as a holding company to companies within the Zurich Group which provides services to other group companies and businesses such as the delivery of fee based engineering inspection services (through Zurich Engineering) and risk engineering consultancy services (through Risk Engineering), collectively Zurich Management Services Limited, to both private and public sector organisations. The principal disclosures in relation to these activities can be found in the financial statements of these individual companies.

## Community and Charities

A UK Public Affairs Team is in place which aims 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.

### Community and Charities (continued)

The Board is made aware of changes to policies and developments in relation to governmental consultations and enquiries that have an impact on the Company and considers these impacts and appropriate actions when making decisions.

In May 2020, the insurance and long-term savings industry set up the ABI COVID-19 Support Fund, to help those hardest hit by the COVID-19 crisis. It has reached its target of raising £100m for charity, making it the biggest sector fund in the UK. £84m has been raised through voluntary donations from firms within the sector and, from this amount, £20m has been granted to an initiative with The Charities Aid Foundation. Zurich UK made a £13m donation to the Fund.

## Sustainability

The Head of Public Affairs also holds responsibility for Sustainability, which is at the centre of the Company, as part of the ZIG group's, ambition to be known as one of the most responsible and impactful businesses in the world. The ZIG group aims to be a responsible and sustainable business supporting customers and communities and managing its own environmental, social and governance risks. As a global insurance group, operating in the UK, the Zurich Insurance Group Ltd board and its sub-committees have clear responsibilities for managing the financial risks from climate change to ensure clear accountability and responsibility. Details on the ZIG group's position are reported on the global website ([www.zurich.com/en/sustainability](http://www.zurich.com/en/sustainability)).

The Zurich Group has designed a sustainability strategy and the UK has developed its own strategy which is structured on the three themes used by the ZIG group which comprise our internal definition of Sustainability – our 1.5 degree future (supporting the transition to a low carbon economy and managing climate risks); work sustainability (preparing for new ways of working and the skills and solutions needed); and confidence in a digital society (inciting customer resilience against cyber-attacks by enabling confidence in our use of their data).

## Reporting

Sustainability is growing in importance for many of Zurich's stakeholders and the organisations we do business with. The passing of the Social Value Act in 2012 has increased this demand and a number of Zurich's customers now require us to provide information about our corporate responsibility and sustainability activity and targets. We measure our sustainability commitments thoroughly in order to ensure confidence in what we say we do, and these approaches are embedded throughout the organisation. There are a wide range of initiatives and activities that we have been involved with engaging with society and environmental issues. A complete description of these activities can be found at <https://www.zurich.co.uk/news-and-insight/sustainability>.