

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 entity of ZIG and is subject to policies and governance arrangements set by the Group as well as UK local statutory and regulatory requirements. The Board derives its collective authority by direct delegation from its shareholder, Zurich Holdings (UK) Limited ("ZHUK"). 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 enhance the Company's long-term value to its shareholder through the sustainable delivery of financial performance targets 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 ZIG 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 its shareholder. It ensures that the Engineering Inspection services and Risk Engineering consultancy services generate sufficient fee income and good customer outcomes. These considerations form the basis of its decision making in respect of the Company.

The Board receives quarterly reports on Engineering Inspection and Risk Engineering matters to consider and oversee the operational and financial aspects of the business performance. This allows the Board to assess the appropriateness of its strategy and make alterations should it need to. The Board reviews risks each quarter, ensuring that all relevant and applicable risks that could impact the Company's strategy and business are captured, monitored and mitigated in the most appropriate way.

Interests of employees

As the Company does not have any direct employees, a management charge is made to the Company from a number of employing entities (Zurich UK General Employee Services Limited, Zurich UK General Services Limited and Zurich Global Corporate UK Limited) in respect of employees who work on behalf of the Company 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.

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

- 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, as well as a broad range of subjects including collaboration, working conditions, wellbeing, reputation, benefits and rewards, diversity and inclusion and responsible business.

Interests of employees (continued)

- 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.
- For those unable to work from home (largely engineers and surveyors), the Company put a number of COVID-safe measures in place: regular supply of PPE equipment throughout the pandemic; introduction of working and training in bubbles or introduction of a walkaway policy for cases when surveyors might feel that their workplace is unsafe.

Stakeholder Relationships and Engagement Business relationships with customers

The principal activity of the Company is the delivery of fee-based engineering inspection services and risk engineering consultancy services to both private and public sector organisations.

The Zurich Engineering Inspection business helps customers to identify, manage and control engineering risks through its national team of approximately 500 highly trained and experienced engineer surveyors that help customers comply with a wide range of legislation through independent in-service examinations of plant and machinery. The vast majority of the inspection contracts with our customers are intermediated so as well as the engineers visiting the customers our underwriters will have interaction with the broker concerned.

The Zurich Engineering Inspection business interacts with its customers and brokers, through relationships that are established at multiple touch points throughout the engagement process. Customers and brokers are supported by:

- Underwriters who are in contact with brokers to renew or win new business predominantly via phone or electronic based transactions;
- Engineering relationship executives who visit brokers face to face to discuss either renewing or acquiring new inspection contracts;
- Engineers who interact with every customer throughout the inspection visits that we make; and
- For some of our customers we have another layer of relationships via our TAM role (qualified engineers who also have a large propensity / skill for developing customer relationships).
- Our high level of service translates to high retention rates for inspection income >95% by volume.

The Risk Engineering business interacts with its customers through relationships that are established through the sale of insurance products (Underwriters, Relationship Leaders, Insurance Consultants etc). Following appointment by the customer for the provision of service, the assigned engineer will continue to manage the customer relationship whilst providing the service and any reports required. In many cases, the Risk Engineering service is a critical part of the entire risk transfer proposition, and so Risk Engineers will support the tendering and inception process as well. As a result of a high level of engagement with the customer prior to, during, and following the service provision customer feedback is good with positive anecdotal feedback.

Business relationships with suppliers

Zurich operates in a global sourcing environment, endeavouring to work with third parties and suppliers who operate responsibly, share Zurich values and adhere to the spirit of the Zurich Code of Conduct. We expect all our business partners to embrace high standards of ethical and business conduct.

Zurich's commitment to respect human rights is part of our Group's Code of Conduct, which all Zurich employees are committed to following. Our recruitment process has inbuilt robust checks completed throughout the on-boarding journey, to ensure we do not employ individuals that are facing or involved in, enforced servitude. Our annual Code of Conduct training is completed by all Zurich staff and includes content around fair and compliant conduct, including the protection of human rights. Staff who are directly involved with onboarding and management of our suppliers receive additional UK Supplier Management training and are made aware of how to report any concerns.

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Business relationships with suppliers (continued)

Annually, the Board reviews the risk of modern slavery within the first tier of the Company's supply chain. As part of the assurance process, the Board reviews evidence for compliance and oversight of sub-contractors, following which it approves the Modern Slavery Statement.

Business relationship with Community

The Company believes in contributing positively to society in order to have a positive impact on the communities in which it operates.

- The 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.
- The UK Public Affairs Team provides a weekly internal update on stakeholder engagement across the UK together with details of government consultations and inquiries of relevance to the Company.
- There are a wide range of initiatives and activities that involve engaging with society. A complete description of these activities can be found on www.zurich.co.uk/en/about-us/corporateresponsibility/workplace/diversity-and-inclusion.

Business relationship with charities

The UK business has got a long record of supporting charitable activities of Zurich Community Trust ("ZCT"). The funding to ZCT is provided on a three-yearly basis. The latest funding was approved in September 2020; the Company donated 60% (£1,589,163) and another subsidiary donated 40% (£1,059,442). The donations cover for example running costs of ZCT, expenses associated with delivering a broad employee volunteering programme engaging around 40% of Zurich employees each year and matching of employee fundraising and support grants to encourage volunteering to name a few.

During the Covid-19 pandemic, ZCT:

- donated over £2 million to causes all across the UK, including £1.1 million in local grants;
- gave charity partners access to additional resources, tools and material through the new ZCT Learning Hub and a series of webinars;

- donated an additional £100k to our national charity partner, Dementia UK, to help them expand their Admiral Nurse Helpline to cope with growing demand due to the pandemic;
- donated a very substantial supply of protective face masks to the health and care sector;
- opened up a 100% matched fundraiser for National Emergencies Trust;
- shared ways for employees to volunteer, through the Trust or privately using their three volunteering days and FlexWork; and
- our Festive Challenge programme was our most successful yet, with 99 challenges taken up and £55k donated to help fund projects.

In May 2020, the insurance and long-term savings industry set up the ABI COVID-19 Support Fund (the "fund"), to help those who were 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.

Impact of operations on sustainability

The Head of Public Affairs also holds responsibility for sustainability, which is at the centre of Zurich, as part of the Group's ambition to be known as one of the most responsible and impactful businesses in the world.

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

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Impact of operations on sustainability (continued)

The ZIG group has designed a sustainability strategy and the UK has developed its own strategy which is structured on the three themes used by the 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).

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 to engage on environmental issues. A complete description of these activities can be found on www.zurich.co.uk/news-and-insight/sustainability

Business conduct

The Heads of the Engineering Inspection business and the Risk Engineering business report on a quarterly basis to the Board on matters concerning the health and safety of the Company's engineers and consultants, risks, business performance and other issues affecting the Company.

The Company manages and mitigates health and safety risks by providing robust safe systems of work, risk assessments and escalation in the classification of defects to customers in a timely manner. It works closely with customers to provide a safe place of work for the engineers and specialist help where necessary. The Company employs only suitably qualified and experienced engineers and adheres to the SAFed health and safety passport scheme. All Engineering Inspection staff have access to a market leading training and induction programme and to regular technical bulletins and toolbox talks, which offer/provide technical assistance during working hours by a duty senior engineer.