

## **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 and is subject to policies and governance arrangements set by the ZIG 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 Zurich Insurance Group Ltd the Company only has one member and therefore the Board do not need to consider the fairness between members.

## **Long-term Decisions**

The Board has involvement with any UK projects where there is an impact on employees. Updates will be given as to any Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangements proposed and the Board will consider the interests of employees. The Board will also have sight of UK transformation projects

## **Stakeholder relationship and engagement**

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

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| <b>Employees</b> | <p>The Company has direct employees who then provide services for other companies within the ZIG Group. The principle disclosures in respect of these staff appear in the financial statements (pages 18 &amp; 19). However, the following summarises how the Board considered employees in its deliberations:</p> <ul style="list-style-type: none"><li>• The Board requested regular updates from the People team on employees. Commentary is provided on HR initiatives such as Dignity @ Work and Wellbeing. Insights into the workforce are provided with data such as headcount overall and by business area; turnover and talent acquisition. Various deep dives are presented to the Board throughout the year on topics such as gender pay gap and employee engagement. In addition, the Board receives</li></ul> |
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|                                               | <p>quarterly updates on Health and Safety arrangements, including minutes from the Health and Safety Strategic Management Group.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The Wellbeing hub provides a range of resources and tools to help employees keep active, healthy and safe.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Suppliers, Customers and others</b></p> | <p>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.</p> <p>The following summarises how the Board considered suppliers in its deliberations:</p> <ul style="list-style-type: none"> <li>• The Board receives regular updates on supplier management in the form of a dashboard. This dashboard provides commentary on all critical and important outsourcing arrangements in the UK. The Company is made aware of any challenges and what actions are being taken by the UK Outsourcing and Supplier Management team. The Board ensures that all outsourced critical or important functions and activities delivered through external suppliers and intra-group arrangements, continue to be overseen by extensive and proportionate governance arrangements.</li> <li>• The Group operates in a global sourcing environment, endeavouring to work with third parties and suppliers who operate responsibly, share the Group's values and adhere to the spirit of the Group's Code of Conduct. The Group's commitment to respect human rights is part of the Group's Code of Conduct, which all Zurich employees are committed to following.</li> <li>• 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,</li> <li>• including the protection of human rights.</li> <li>• Employees 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.</li> <li>• Oversight of suppliers is the responsibility of the UK Chief Operating Officer and a governance framework is in place to support the supply management lifecycle to ensure effective and efficient management of our suppliers. The framework ensures that a rigorous and diligent process is followed during the procurement process, whereby the third party's structure, operations, culture, human resources, supplier and customer relationships and future outlook are assessed.</li> <li>• The Company publishes its annual Modern Slavery Act statement outlining how it mitigates the risk of slavery and human trafficking within its business and its supply chains. As part of this process, the Company has in place a Modern Slavery and Human Trafficking Policy, which seeks to identify and manage such risks.</li> </ul> |

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| <b>Communities</b>    | <p>The Company believes in contributing positively to society in order to have a positive impact on the communities in which it operates.</p> <p>The following summarises how the Board considered communities in its deliberations:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul> |
| <b>Sustainability</b> | <p>The Head of Public Affairs is responsible for Sustainability, which is at the centre of the ZIG group and Company's ambition to be known as one of the most responsible and impactful businesses in the world.</p> <p>The following summarises how the Board considered sustainability in its deliberations:</p> <ul style="list-style-type: none"> <li>• The ZIG group aims to be a responsible and sustainable business supporting customers and communities and managing its own environmental, social and governance risks.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |