

Corporate Governance Arrangements and Duty to Promote 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 Zurich Insurance Group Ltd and is subject to policies and governance arrangements set by the Group as well as UK local statutory and regulatory requirements. The Board of Directors 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 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 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;
- Interest of employees;
- Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and the environment;
- 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 directors do not need to consider the fairness between members.

Long term decisions

During the period the Board continually assessed the long term strategy of the Company and its long term value to the shareholder. In doing so it considered the interests of stakeholders as part of its overall long-term business objectives and continued to align the Company's strategic direction with the shareholder's aspirations. For each matter that was considered by the Board, stakeholders who may be impacted were identified and their interests considered as part of the Board's decision-making process.

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 General Insurance 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.

However, the following summarises how Zurich UK (Zurich business conducted within the UK) considered employees in its deliberations:

- The Company's employee engagement mechanisms included 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;

- Support for 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 provided a range of resources and tools to help employees keep active, healthy and safe.

Stakeholder Relationships and Engagement

Business relationships with suppliers, customers and others

The principal activity of the Company is as a holding company to companies within the Zurich Group which provide 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) 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.

Business relationships with 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 provides an overview of how communities were considered:

- The UK Public Affairs Team was in place which aimed to make Zurich an influential and prominent voice in all aspects of the public policy process. Its primary focus was 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.
- Zurich has membership in, and the Public Affairs Team works closely with, industry bodies such as the Association of British Insurers and ClimateWise to ensure that Zurich is coordinated and effective in influencing the public policy agenda.
- The UK Public Affairs Team provide timely updates on key government consultations and inquiries of relevance to the Company. The UK Sustainability Team provides a fortnightly internal update on key sustainability developments in the UK along with global policy updates and competitor sustainability news.
- There were a wide range of initiatives and activities that supported engagement within local communities. A complete description of these activities can be found on www.zurich.co.uk/sustainability/people-and-society

Impact of operations on sustainability

In 2022 Zurich UK appointed a new Chief Sustainability Officer who holds responsibility for overseeing the UK's Sustainability Strategy. Sustainability is at the centre of the business, 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.

The Chief Sustainability Officer is supported by a Corporate Responsibility & Sustainability Committee which is chaired by the Head of Public Affairs and Sustainability. The committee is an advisory management committee with no decision-making authority, comprised of members of the various functions of the Business and market facing units. The UK Sustainability Dashboard has been developed and is now the basis for the committee to challenge the effectiveness of sustainability activities to meet our targets and for the committee to consider the level of ambition in the UK.

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.

Sustainability commitments were measured thoroughly in order to ensure confidence in what was said and done. These approaches were embedded throughout the organisation. There were a wide range of initiatives and activities that supported engagement with environmental issues.

A complete description of these activities can be found on <https://www.zurich.co.uk/news-and-insight/sustainability>