

Duty to Promote Success of the Company ('Section 172(1) Statement')

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 Limited ("ZIG") and is subject to policies and governance arrangements set by ZIG as well as UK 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 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.

During the financial year, the Board has considered 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 and others;
- Impact of the Company's operations on the community and the environment; and
- Maintenance of the Company's reputation for high standards of business conduct.

As a wholly owned subsidiary of ZIG, the Board is not required 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 risk engineering and engineering inspection matters to consider and oversees the operational and financial performance of the relevant business units. This allows the Board to assess the appropriateness of its strategy and make alterations should it need to. The Company's risk landscape is reviewed 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.

Policies around anti-bribery and corruption

In accordance with section 414CB of the Companies Act, the Company is covered by the Zurich UK Financial Crime policy, including Anti-Bribery and Corruption. The content for guidance documents and local standards is driven by the content of ZIG policies, with the inclusion of UK specific legislation and regulations. The Fraud and Financial Crime Risk Management Framework is supported by policies, protocols, standards, guidance, and procedures that ensure a robust control environment. Documentation is subject to annual review, and the Board is kept informed through quarterly reporting on key matters and any changes to the regulatory landscape.

Employees

As the Company does not have any direct employees, a management charge is made to the Company from the UK-registered employing entities (Zurich UK General Employee Services Limited, Zurich UK General Services Limited, Zurich Employment 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 appear in the financial statements of Zurich UK General Employee Services Limited, Zurich UK General Services Limited, Zurich Employment Services Limited and Zurich Global Corporate UK Limited.

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

- 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, a talent pipeline, 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 provision of a range of resources and tools through the Zurich UK Wellbeing hub to help employees keep active, healthy, and safe.
- For those predominantly working on site (largely engineers and surveyors), the Company maintains a walkaway policy for cases when surveyors might feel that their workplace was unsafe.

Customers

The principal activity of the Company is the delivery of fee-based engineering inspection services and Zurich Resilience Solutions 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 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 majority of the inspection contracts with our customers are intermediated, meaning, 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 Technical Account Manager ("TAM") role (qualified engineers who also have a propensity/skill for developing customer relationships).

Our high level of service translates to high retention rates for inspection income above 95% by volume.

The Zurich Resilience Solutions 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 Zurich Resilience Solutions 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 positive.

Suppliers

We expect all 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:

- ZIG operates in a global sourcing environment, endeavouring to work with third parties and suppliers who operate responsibly, share ZIG's values, and adhere to the spirit of ZIG's Code of Conduct. ZIG's commitment to respect human rights is part of ZIG's Code of Conduct, which all Zurich employees are committed to following.
- The Board receives regular updates on supplier management. This 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 functions and activities, delivered through external suppliers and intra-group arrangements, continue to be overseen by suitable governance arrangements.
- 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.

- 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.
- Oversight of suppliers is the responsibility of the UK Operations Director, 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 third parties are assessed on structure, operations, culture, human resources, as well as supplier relationships and outlook.
- Zurich UK 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.

Communities

The Company believes in contributing positively to society 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 relevant areas of public policy. Its primary focus is the identification and monitoring of key policy and legislative developments, and the communication of these to the wider business to determine whether to lead, drive, oppose or support, with consideration of any external engagement activity.
- The UK Public Affairs team also provides internal updates on stakeholder engagement across the UK together with details of government consultations and inquiries as relevant to the business.
- The Company is committed to diversity and inclusion, and Zurich UK is signed up to the Race At Work Charter, an initiative designed to improve outcomes for employees in the UK.
- There are a wide range of initiatives and activities that we have been involved with that focus on engagement with society. A complete description of these activities can be found on <https://www.zurich.co.uk/sustainability/people-and-society>.
- The UK business has a long record of supporting the charitable activities of Zurich Community Trust ("ZCT"). ZCT's strategic funding programmes focus on challenging social issues and support the most vulnerable in society. These programmes are funded by annual donations made to ZCT by Zurich UK businesses.

Sustainability

Climate risks are among the most complex risks facing society today, being intergenerational, international and interdependent. As part of ZIG, the UK business plays a strategically important role and is committed to managing both the physical and transitional impacts of climate change and supporting efforts to transition to a low carbon economy. ZIG sets the sustainability strategy and goals for all Zurich entities globally, and the UK business aligns its targets and sustainability actions to this strategy, adapting them to UK regulatory expectations. Our sustainability actions include measuring and reducing our operational carbon footprint, implementing our responsible investment strategy and contributing to wider sustainability initiatives where possible.

The UK Chief People & Sustainability Officer (“CP&SO”) oversees implementation of the Group Sustainability Framework and ensures sustainability priorities and targets are aligned and achieved across the UK business. Climate related risks are identified through the Sustainability Risk Management Framework, which operates in line with the Zurich Risk Policy. The UK business also monitors emerging climate related risks, including how these risks may develop over the long term through the continual development of scenario analysis.