

Duty to Promote the Success of the company in accordance with s172(1) Companies Act 2006

The company is a wholly owned subsidiary entity of Zurich Insurance Group AG and is subject to policies and governance arrangements set by the Zurich Group as well as local statutory and regulatory requirements, which take precedence. In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, the company is required to make disclosures in respect of s.172 of the Companies Act 2006 “Duty to promote the success of the company” and stakeholder engagement.

During the course of the financial year, the Board consider, both individually and together, that they have acted in a way they consider would be most likely to promote the success of the company for the benefit of its shareholder and customers. In particular, the Board has given consideration to the:

- Likely consequences of any decision in the long term;
- Interests of employees;
- Need to foster the company’s business relationships with suppliers, customers and others;
- Impact of the company’s operations on the community and the environment;
- Desirability of the company maintaining a reputation for high standards of business conduct.

Long term decisions

The company acts as a vehicle for raising external debt for Zurich Insurance Group AG and its subsidiaries. No changes are expected to the business activities in a foreseeable future.

Interests of employees

The company does not have any direct employees and accordingly the company does not incur direct staff or pension costs. The principal disclosures in respect of these staff appear in the financial statements of Zurich Employment Services Limited, copies of which can be obtained from The Secretary, The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.

Stakeholder Relationships and Engagement

Business relationships with suppliers, customers and others

The company does not have any suppliers or customers.

Impact of operations on the community and environment

The UK Corporate Affairs team are responsible for Diversity & Inclusion and Social Media and provide a weekly update on stakeholder engagement across the UK together with details on governmental consultation and inquiries.

Zurich Group announced in July 2019 its commitment to the UN Climate Change targets to using only renewable energy by 2022. The Zurich Group has also taken a stance on single use plastics, i.e. to eliminate its use and to reduce internal paper usage by 80%. Zurich is part of a project to help financial institutions align lending and investment portfolios with the Paris Agreement targets. This commitment to climate change is driven down from the top level board and management through all jurisdictions and this commitment will come through as part of company’s long term strategy.

Business conduct

During the early part of the year, the company acted as an issuer under the Zurich Group’s longstanding

Euro Medium Term Note (EMTN) programme, allowing the Zurich Group to raise both senior and subordinated debt capital in a more efficient manner on the basis that each new issuance uses the same pre-agreed programme documentation.

As any responsible issuer, ZFUK would draw attention to the prospective investors of the risk factors associated with an investment in the EMTN notes and to certain tax consideration; giving the investors as much information as possible in order to take an informed decision.

In May 2019, the Group restructured its overseas finance subsidiaries and as a result, it was decided that ZFUK would cease to be an issuer under the EMTN programme with effect from 22 May 2019. However, the company continues to have certain obligations in connection with the perpetual notes issued in 2003.

The Group also decided that the company would cease to be an issuer under the Euro Commercial Programme (ECP) with effect from 6 June 2019. The company has no outstanding debt issued – and therefore no outstanding obligations – under the ECP programme.