

## **BMW Financial Services (GB) Limited**

### **Section 172 (1) Statement Financial Year 1 January to 31 December 2021**

Section 172 of The Companies Act 2006 states that a director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so a director of a company must have regard (amongst other matters) to:-

- a. The likely consequences of any decision in the long term;
- b. The interests of the company's employees;
- c. The need to foster the company's business relationships with suppliers, customers and others;
- d. The impact of the company's operations on the community and the environment;
- e. The desirability of the company maintaining a reputations for high standards of business conduct; and
- f. The need to act fairly as between members of the company.

The Directors have received guidance and training from the Company Secretary to support the performance of their statutory duties and have been briefed on the additional reporting requirements introduced by the Companies Act (Miscellaneous Reporting) Regulations 2018.

The Board reviewed their current approach to corporate governance and decision making, engagement with stakeholders and the Company's impact on the environment. The following summarises how the company's Board fulfils its duties under Section 172.

#### **Decision Making**

The Board considers and assesses how the Company creates and preserves value over the long-term by assessment of opportunities presented by the changes in customer behaviour, regulation, and opportunities and challenges presented through multiple sales channels. Consideration of opportunities for the Company are assessed against associated risks.

The Board engages with a variety of stakeholders, including customers, employees, regulators, and suppliers, to inform and enable balanced decisions that incorporate multiple viewpoints, whilst maintaining the Company's Strategy. In making decisions the Board considers outcomes from engagements with stakeholders as well as the importance of maintaining the Company's integrity, brand and reputation.

The Board fulfils its duties to act in good faith to promote the success of the company through its implementation of the BMW Group Strategy. As part of the BMW Group Strategy, the Board aims to actively shape the future of mobility, by offering inspiring premium products for individual mobility, today and for future generations. The Board has defined that the purpose of the Company is 'to create the best experience for people on the move'. By fulfilling its purpose, the Company aims to achieve the strategic vision in 2025 'To be the obvious choice for automotive mobility'.

The Board ensures that strategic initiatives feed directly into one or more of the following fundamental ambitions - to be simple to do business with; to be accessible across all channels; to be at all times customer oriented and inspire trust; and to achieve operational excellence; as well as agility, speed and innovation. The Board review and consider the various stakeholders when arriving at recommended business decisions consistent with the strategy.

The Company strategy allows us to be competitive, flexible, and resilient while also responding to a rapidly changing market situation. Examples of Board decision making during 2021 include:

- appointment of a Non-Executive Director; and
- review and approval of the Company's future organisational design; and
- review, approval, and payment of two dividend payments totalling £430 million to BMW (UK) Holdings Limited.

*For further details on how the company is managed please see the Corporate Governance Statement.*

## **Employee Engagement**

Our workforce is our most valuable asset. The company invests in training, coaching, and skills acquisition. Personal development of our employees is a key pillar of the Company's strategy. We aim to be a responsible employer in our approach to the pay and benefits of employees. The health, safety and wellbeing of our employees is one of the primary considerations in the way we do business.

Examples of the Board's engagement with employees during 2021 include:

- responding to the COVID-19 pandemic through their support of working-from-home, including additional flexible working guidance and provision of additional equipment for employees to use at home; and
- requesting that all employees participate in an online Global All Employee Survey to help in the assessment of employees' concerns and aspirations; and
- implementing a new Diversity and Inclusion focus group, Unity, which focuses on gender equality; and
- increasing the frequency of All Associates Meetings, where the company's directors present remotely and are available to answer any questions.

*For further details on how the company engages with its workforce please see the Employee Engagement Statement.*

## **Business Relationships**

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Examples of the Board's engagement with stakeholders during 2021 include:

- receiving regular customer feedback and insights through the Company's Joint Customer Committee which ensures outstanding customer care is a strategic priority and the 'Voice of the Customer' is prominent during executive decision-making; and
- continued prioritisation of compliance with the FCA's Senior Management and Certification Regime. Measures undertaken included training of all relevant staff on the requirements of the FCA's Conduct Rules, additional training for those Associates defined by the Company as 'Certified Individuals' and for those holding Senior Management Function designation, including all Board members.

*For further details on how the company engages with its stakeholders please see the Stakeholder Engagement Statement.*

## **Community and Environment**

As part of the BMW Group, the Company has sustainability and environmental care firmly embedded in the company's culture and corporate strategy. The Company strives to pursue BMW Group's mission to be the most sustainable premium provider of individual mobility, for society & the environment. Sustainability runs through all aspects of our business, from energy-saving, recycling and resource-sharing policies in our offices, employee orientation and social commitment, and ultimately flowing into the products and services we bring to customers.

Corporate Social Responsibility is important to the Company and it undertakes many initiatives in this area. The Board recognises the relevance of leading the company in such a way that it contributes to wider society and actively supports employees through the provision of paid leave to support local or national charities.

Below are some of examples of our 2021 actions:

- providing a British Heart Foundation clothes bank on Campus, enabling associates to donate clothes to raise funds for the Foundation; and
- providing a food bank on Campus to donate to those in need in the local community; and
- supporting the Company's employees completing volunteering and fundraising activities; and
- presentation of 'The Summit ONE Show: Responsibility at BMW Group', covering the topics of Sustainability, Citizenship and Diversity, and
- support of the Diversity and Inclusion Groups, including the appointment and training of Mental Health First Aiders.

The Company also actively support Ben, the Motor and Allied Trades Benevolent Fund. Ben is the charity dedicated to supporting the people of the automotive industry, providing support for life for them and their family dependents. The Company regularly participates in fund raising events and invite Ben to run onsite support sessions to promote their services to our employees.

*For further details please see the Corporate Governance Statement in the Directors Report.*

## **Culture and values**

The company's culture is characterised by clear responsibility, mutual respect, and trust. Lawful conduct and fair competition are integral to its business activities and an important condition for maintaining a reputation for high standards of business conduct securing long term success.

The company is focused on people, with both customers and employees being at the heart of its business. The company embraces diversity, flexibility, sustainability, and continuous improvement throughout the organisation. The company has a customer centric philosophy with transparent, fair, and simple processes.

The Board and senior management have taken active steps to drive cultural change and to ensure corporate strategy and customer orientation principles and values are embraced across the organisation.