

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

### **Section 172 (1) Statement**

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 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 2019 include:

- preparation for different Brexit scenarios, including a review of the Company's IT systems to ensure the company is fully set for business post-Brexit; and
- review of the company's operational structure to ensure the organisational model remains fit for the future; and
- implementation of a customer focused training programme that included all associates within the Company. The Board required all staff to attend training and prepare team action plans focused on improving customer interactions.

*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 2019 include:

- requesting that all employees to participate in an online Global All Employee Survey in order to help in assessment of employees' concerns and aspirations; and
- delivering quarterly All Associates Meetings, where the company's directors present and are available to answer any questions; and
- initiating Walk and Talks, enabling associates to feedback about the day to day running of the business and ask questions about strategy and planning for the business.

Our Human Resources function has been reviewed and reorganised to ensure it is able to continually deliver an efficient and consistent service to our employees.

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

## **Business Relationships**

The Board engages with a variety of stakeholders, including customers, 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.

Examples of the Board's engagement with stakeholders during 2019 include:

- receiving regular customer service performance updates and feedback from Customer Service surveys to assist in decision making regarding customer focused initiatives; and
- attending the National Franchise Board to facilitate open discussion with key representation of our Retailers' network; and
- holding periodic meetings between the main investors of Retailer partners and the Directors of the company to assist investors to understand the strategic direction of the company; and
- engaging with regulators to increase understanding of proposed regulatory changes; and
- prioritising compliance with the FCA's Senior Management and Certification Regime, including training for all associates.

*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 strive 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 2019 actions:

- The Company organised many fundraising events throughout the year with its own "Charity Champion" group comprising of employee volunteers.
- The Company's employees have completed over 800 hours of volunteering, supporting the local community including painting projects in local schools, garden clearance and many more local initiatives.
- There is a food bank on Campus to donate to those in need in the local community.

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.