

BMW Financial Services (GB) Limited

Stakeholder Engagement Statement

Customers

The Company's strategy places the customer at the heart of the business. To understand our customers' needs we proactively seek customer feedback. Throughout the year the Board and its Management Committee receive customer service performance updates and feedback from Customer Service surveys. Emphasis is placed on process improvement and developing the right customer service skills and attitudes, which are monitored and supported through training and via a cultural change programme. The Company measures customer satisfaction continually and reports on it at its Customer Committee.

The Company has defined its commitment to customers through seven high level Conduct Risk Statements, against which performance is assessed:

- our products and services are presented transparently and meet customers' needs;
- we monitor our customer acquisition approach to ensure we provide products and services only as appropriate to the customers' circumstances;
- we maintain the highest standards of service delivery to our customers;
- we have fair processes for engagement with our customers if their circumstances change during their finance agreement;
- we strive for the highest standards to protect our customers' personal data;
- outcomes for our customers are frequently reviewed and are central to our decision-making process;
- we focus our efforts on exceeding our customers' expectations with highly trained and motivated staff.

The Company's customer base consists of customers who require, or wish to use, finance to fund the purchase or use of a vehicle, usually in the premium automotive segment, and usually at point of sale of the vehicle at the dealership. The majority of the Company's retail customers are private individuals wishing to buy a vehicle for private and/or business use. Most of the remaining customers are limited companies wishing to buy vehicles for business use. Where a customer wishes to enter into an arrangement for fleet services they are referred to Alphabet (GB) Limited, an associated company, which provides fleet management services.

The Company recognises that the credit risks associated with different customer segments are diverse and for this reason it uses different credit scorecards to assess applicants for its financial products. Once a customer has been accepted by the Company for a finance product, the risks to the customer will vary with the type of finance product that the customer selects. The risks to the customer are similar across the trading styles and therefore the Company applies consistent processes and controls across all customers, taking into account the customer's specific circumstances.

The Company steers good customer outcomes, and measures the achievement of its strategic objective of treating its customers fairly, through its conduct risk management framework. The conduct risk management framework is owned by the Customer Committee, which is responsible for measuring conduct risks, and defining conduct risk tolerance and appetite through the establishment of trigger points for action. In the event that a trigger point is breached, the Customer Committee is tasked with establishing activities to mitigate the risk of bad customer outcomes. The Customer Committee is supported by the Company's Compliance team which is responsible for recording conduct risks on the Conduct Risk Log and for the preparation of the monthly Conduct Risk Dashboard.

In 2019 the Board implemented a customer focused programme that included all associates within the Company. In response to feedback from customer service surveys that ease of doing business is a key driver of satisfaction, the Board required all staff to attend training and prepare team action plans focused on improving customer interactions. Results of the training were presented to the Board, and broader companywide strategic topics have been adopted within projects to improve customer service experiences across the business.

We enable customers to access the BMW Group products and services and we aim to consistently deliver an effortlessly excellent customer experience. Our vision for 2025 is to be the obvious choice for automotive mobility. We seek to understand customers' changing mobility needs and ensure that we are set up to meet those needs. This involves enabling customers to connect with us seamlessly through their channel of choice and offering simple, affordable and fair automotive solutions.

Retailer Network

The Company operates with a franchised retailer network in the UK (“The Retailer Network”). The Retailer Network are key customers of the Company and engagement with the network is vital to the success of the Company. The Company engages with the National Franchise Board and other Forums that represents the voice of the Retailer Network in the UK.

There are periodic meetings between the main investors of Retailer partners and members of the Board to assist investors to understand the strategic direction of the Company. This ensures that the voice of the Retailer Network is also present in the Board decision making processes. A key part of communication with the Retailer Network is through what is known as the “Retailer HUB Portal”, which is a communication platform used by the Company to communicate with the Retailer Network.

ALPHERA Financial Services is a trading style of the Company operating across 1,500 partners in the UK. BMW Financial Services is the only OEM that operates an all makes finance house brand cultivating and encouraging a continuous cross brand industry dialogue.

ALPHERA deals with a huge number of very diverse automotive retailers and business ranging from large franchises and big PLCs., to small independent used car dealers as well as brokers. In 2017 in an effort to tackle a number of challenges that the industry faces and after consultation with the Institute of the Motor Industry (IMI), ALPHERA Financial Services acted as the driving force for the promotion of the Finance and Insurance Accreditation Programme. Following that and once again with the utmost support of ALPHERA, the Finance and Insurance forum chaired by the IMI was launched. The forum includes 105 participants across the automotive industry, and its main objective is to spark and maintain an ongoing dialogue about the challenges and opportunities faced by the industry.

Government, Regulators and trade bodies

The Company is authorised and regulated by the Financial Conduct Authority, and registered with the Information Commissioner’s Office. We have an open and cooperative relationship with our regulators, and we proactively engage with them, to both understand what regulators seek to achieve through proposed regulatory changes, and to provide feedback as to how we believe this can best be achieved in a proportionate way, avoiding any unintended consequences where possible.

During 2019 the Board prioritised 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. All employees in a Senior Management Function must be approved by the FCA before they commence the role, and must pass an annual check that they remain fit and proper to undertake the role.

The Company is a member of the Finance and Leasing Association, and the British Vehicle Rental & Leasing Association. Our memberships help us to contribute to industry-agreed positions of regulatory interest, and also helps our work with other members where there are industry-wide issues to be resolved.

Community and Charity

Corporate Social Responsibility is important to the Company and it undertakes many initiatives in this area. 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 the local community in need. The Company also supports a British Heart Foundation Clothes Bank to raise money for the Foundation and this has been a long standing relationship. The BMW Group has a long established commitment to supporting education across the UK through BMW Education <https://bmweducation.co.uk/>. The programmes are informative, engaging and accessible to everyone free of charge.

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.

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.