

BMW Financial Services (GB) Limited

Section 172 (1) Statement

Financial Year 1 January to 31 December 2023

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 reputation for high standards of business conduct; and
- f. The need to act fairly 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 always customer oriented and inspire trust; and to achieve operational excellence; as well as agility, speed, and innovation. The Company strategy allows us to be competitive, flexible, and resilient while also responding to a rapidly changing market situation. The Board review and consider the various stakeholders when arriving at recommended business decisions consistent with the strategy. An example of Board decision making during 2023 was the review, approval, and payment of one dividend payment of £150 million to BMW (UK) Holdings Limited.

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

Employee Engagement

The Company's workforce is our most valuable asset and the Company's employees are fundamental to the success of the business. The Company invests in training, coaching, and skills acquisition. Personal development of our employees is a key pillar of the Company's strategy. The Company aims 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 the Company does business.

Examples of the Board's engagement with employees during 2023 include:

- Quarterly Business Briefings: Senior managers attend in person briefings with the employees and constantly review the way in which information is provided to ensure engagement with employees. The briefings give employees a platform to raise questions and put suggestions to the senior management team.
- An Employee Consultation Forum: The aim of the forum is to provide a two-way communication process, involving and engaging employees through consultation, enabling them to contribute to the success of the business.
- Conducting training and engagement sessions to support employees through the transition to one organisation.

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 2023 include:

- Receiving regular customer feedback and insights through the Company's Customer Committee which ensures outstanding customer care is a strategic priority and the 'Voice of the Customer' is prominent during executive decision-making.
- Attending the National Franchise Board to facilitate open discussion with key representation of our Retailers' network.
- 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.
- Continue to prioritise 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, sustainability and Corporate Social Responsibility ("CSR") continue to be 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 the Company bring to customers.

Below are some of examples of our 2023 actions:

- Continued partnership with its charity partner Campaign Against Living Miserably ("CALM"), running a range of fundraising events.
- Ongoing support for 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.
- Continuation of a long-standing relationship with the British Heart Foundation through the provision of a Clothes Bank to donate items to raise money for the Foundation.

- Provision of a food bank on Campus where food donations have been collected to donate within the local community.
- An annual festive gift giving scheme for employees to buy a present for children in the local community.
- Six volunteer network groups work to create a truly inclusive workplace driving many educational experiences both for the Company's employees and local community.
- Partnered with Community Matters Partnership Project ("CMPP"), a charity that helps the Company to engage with the local community and provides access to corporate volunteering opportunities, such as painting projects in local schools, garden clearance and many more local initiatives.
- Partnered with Leonard Cheshire to support and run the Change 100 flagship programme of paid summer work placements, professional development, and mentoring of talented university students and recent graduates with any disability or long-term condition.

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.

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's primary goal is to avoid risks which could jeopardise the trust which customers, shareholders, business partners and the public place in the BMW Group. The Company is focused on people, with customers being at the heart of the Company's 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.