

BMW Financial Services (GB) Limited

Section 172(1) Statement

Financial Year 1 January to 31 December 2022

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 as between members of the company.

The Board periodically receives guidance and training from the Company's in-house legal on the role of being a director of a UK company which includes reminders of their statutory duties as a director, in particular their duty under section 172 of the Companies Act 2006.

Executive officers and senior management continued to meet frequently, continually monitoring production, sales and liquidity developments as well as broader corporate governance topics, 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:

Strategic report (continued)

Section 172 Statement (continued)

Decision Making:

In the performance of its duty to promote the success of the company, the Board reviews and considers the various stakeholders referred to in the Directors' Report when arriving at recommended business decisions. The Board oversees the responsible management of the Company's business working to ensure it operates

to the high standards of business conduct and good governance expected from the Company.

The Board fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate. Engagement with the Company's main stakeholder groups, including clients, dealers, suppliers, employees, governmental bodies and our community are summarised in the Company's Stakeholder Engagement Statement on pages 11 to 12.

Employee Engagement:

Our employees are fundamental to the success of our business. 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. In 2022, the following activities were undertaken:

- Regular all employee business briefings.
- Regular announcements and video updates by the CEO.
- Launch of additional features within the employee App which provides confidential access to individual personal data such as payslips and the ability to read BMW Group news.
- In-dialogue sessions with the Board to continually inform associates of up to date business status and allow two-way communication.
- Employee Experience survey was piloted to gather feedback and opinions about employment with the Company.

For further details on how the Company engages with its workforce please see the Employee Engagement Statement on pages 12 to 14.

Business Relationships:

We are fully committed to effectively engage with all our stakeholders. As we operate in a highly connected environment, the views, decisions and actions of our stakeholders have a considerable impact on our business. Therefore, our success depends on our ability to engage and work together effectively and constructively. In 2022 examples included:

- Periodic meetings between the main investors in Dealer Partners and the Directors of the Company to provide investors with guidance on the strategic direction of the Company.

- Regular communication with the Dealer Network via our Retailer Hub Portal to ensure our dealers are kept up to date and informed.
- Annual review of the Dealer Network Strategy and Retail Standards to ensure our Dealers understand our representation requirements
- Ongoing communication with our suppliers to sustain the good relationships with companies in our supply chains as well as develop strategic relationships with our key suppliers.
- Numerous product events organised throughout the year to further understand our clients' desires and expectations.
- Regular exchange with HM Government and its various departments, UK and international NGOs, trade bodies and industry associations as well as other stakeholders such as local MPs and authorities, community organisations and charity partners, to build trust, understand positions and identify trends, as well as build on and consolidate partnerships.

For further details on how the Company engages with its stakeholders please see the Stakeholder Engagement Statement on pages 11 to 12.

Strategic report (continued)

Section 172 Statement (continued)

Community and Environment:

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates an environmental management system in accordance with Group environmental policies and to meet the requirements of the ISO 14001 standard. The Group environmental policies are noted in BMW AG's Annual Report, which does not form part of this Report. Initiatives aimed at minimising the Company's impact on the environment include responsible disposal of manufacturing waste, recycling and reducing energy consumption and being proactive in pollution prevention measures.

Culture and Values:

The Company's culture is characterised by clear responsibility, mutual respect and trust. Lawful conduct and fair competition are integral to our 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 our clients being at the heart of our business. We embrace 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 positive cultural change and to ensure the Company's corporate strategy and customer orientation principles and values are understood across the organisation.