

Park Lane Limited

Financial Year 1 January 2023 to 31 December 2023

Section 172(1) Statement

Directors' Duties

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, and in doing so 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 Directors have received guidance and training from the Company's in-house legal team on the role of being a director of a UK company to support the performance of their statutory duties, in particular the duty under section 172 of the Companies Act 2006.

Decision Making

The Board reviewed their current approach to corporate governance and decision making, engagement with stakeholders and our impact on the environment. The following summarises how the company's Board fulfils its duties under Section 172. 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 customers, suppliers, employees, governmental bodies and our community are summarised in the company's Stakeholder Engagement Statement on page 9.

For further details on how the company is managed please see the Corporate Governance Statement in the Directors' Report.

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 2023, the following activities have been performed:

- Employee Consultation Forums have been held to provide a two-way communication process.
- Monthly business updates have been cascaded to all employees within the organisation covering key information.

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

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 2023 examples included:

- Quarterly reviews between the main investors BMW (UK) Limited and the Directors of Park Lane Limited to assist investors to understand the strategic direction of the company.
- Ongoing communication with our suppliers to develop deeper relationships with companies in our supply chains as well as develop strategic relationships with our key suppliers.

For further details on how the company engages with its stakeholders please see the Stakeholder Engagement Statement in the Directors' Report.

Community and Environment

Sustainability and taking care of the environment is firmly embedded in our culture and corporate strategy. It is therefore an integral part of every thought and action we take. We have adopted a holistic approach, implementing sustainability throughout the value chain. In addition to reducing CO2 emissions, our strategy also focuses on achieving continuous progress in areas such as corporate environmental protection, supply chain sustainability, employee orientation and social commitment. The BMW Group remains committed to the principles of the United Nations Global Compact and have systematically implemented its Ten Principles worldwide since 2001. Our sustainability strategy also supports the Sustainable Development Goals adopted by the United Nations in autumn 2015.

We also recognise the relevance of leading our company in such a way that it contributes to wider society, as part of its Corporate Social Responsibility, an area that we take very seriously.

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

Culture and Values

Our 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.

We are focused on people, with customers being at the heart of our business. We embrace diversity, flexibility, sustainability and continuous improvement throughout the organisation. It has a customer centric philosophy with transparent, fair and simple processes.

The Board and senior management have a focus on cultural change, to ensure corporate strategy and customer orientation principles and values are embraced across the organisation.

Extracts from Directors' report

Employee Engagement Statement

Workforce

Our workforce is our most valuable asset. We invest in training development, coaching and skills acquisition to ensure the required knowledge and behaviours are aligned with the company's strategy and values. It is important for our employees to feel connected to the company's purpose. On a bi-annual basis, employees are invited to participate in an online Global All Employee Survey, which helps the company to assess employees concerns and aspirations. The key aspects of the survey, performed during 2023, relate to leadership, team, strategy, processes, and culture and employer attractiveness.

As a business we are committed to enhancing Employee Engagement. We host a Group level 'Employee Board' meeting on a monthly basis allowing for a representative from each department across the business to bring forward any relevant discussion points/topics which can then be discussed in an open forum. This detail is then escalated to senior management and directorate, anonymously, readied for review in the next 'Employee Board'. This also allows us to deliver our VOE 'Voice of the Employee' strategy empowering all colleagues by providing a platform for them to be involved in business decisions and changes where required. Communication is a key factor in the enablement of this and as such we publish a 'Park Lane Group' E-Newsletter on a weekly and monthly basis providing regular updates and detail regarding all areas and elements of the business. Employees also have the opportunity to provide content and updates which can then be published within the Newsletter.

Diversity and Inclusion

The company has adopted a Diversity and Inclusion Policy, and, through the application of this Policy, the company aims to ensure everyone is treated fairly and equitably and there are arrangements in place to prevent discrimination in the workplace.

The ethos of Diversity and Inclusion means the company is very supportive of individuals to achieve their full potential regardless of physical ability. Where reasonable and practical within existing legislation, all persons, including disabled persons, were treated in the same way regarding employment, training, career development and promotion.

Recruitment

The company is an equal opportunities employer of around 200 staff. Recruitment decisions are based upon the match of the individual's competencies, skills and knowledge to the requirements of the role. A variety of selection methods are used for both internal and external recruitment including assessment centres, competency-based interviews and psychometric tests.

All roles are assessed and provided with job specifications. These detail the purpose of the role, key accountabilities, selection criteria and competencies required. The recruitment process is designed to ensure the most suitable candidate is selected and also to highlight any additional training required in order to ensure the person is competent and remains competent for that role.

Career Development

The company recognises the importance of career development and progression. To assist with this, the company has a Performance Management Process in place, which appraises employee's performance by consideration of target achievement and leadership behaviour. In order to ensure all employees have a clear understanding of expectations, an individual target agreement is drawn up for every employee at the beginning of the year as part of the Performance Management Process. Achievement of the targets is appraised informally throughout the year in feedback meetings with the line manager and is formally assessed in the performance review process, which takes place at the end of the year.

Training

It is the policy of the company that all employees are trained and developed in order to satisfy the statutory, regulatory and professional requirements expected of their role. Training and development is ongoing and monitored to ensure required levels of knowledge are achieved and maintained.

All roles are assessed and provided with job specifications. These detail the purpose of the role, key accountabilities, selection criteria, and competencies required. The recruitment process described above is designed to find the most suitable candidate to match the specification and also highlight any additional training required to ensure the person is competent and remains competent for that role. Additionally, in the case of internal staff, the job specification can ensure that other employees are sufficiently trained to be competent in another role to ensure the company has adequate cover should there be peaks in the business or staff absence.

Training is planned to ensure that it is received at the appropriate times. Training on legal and regulatory requirements are provided to all relevant personnel. Records are retained of all training undertaken, future training required by an employee is captured as part of the portfolio process.

Remuneration

Some employees receive a base salary, and are eligible for a bonus payment on an annual basis to promote personal performance, collaboration and the assumption of entrepreneurial responsibility. The bonus is based on personal achievement and achievement of the targets of the company as a whole, which is based on company targets and BMW Group targets.

Other employees are remunerated on a base salary and commission basis, paid upon achievement of specific targets on a monthly or quarterly basis.

Stakeholder Engagement Statement

Stakeholder engagement is important to the company and the BMW Group as a whole. The BMW Group operates in a highly connected environment. Our products and services are used extensively throughout the UK, and we attract interest from, and are interested in, a diverse group of stakeholders. We highly value regular exchange with the stakeholders. The views, decisions and actions of our stakeholders have a considerable impact on our business. Our Stakeholder Engagement Policy can be found on the BMW Group website at <https://www.bmwgroup.com/en/company/dialogue.html>. Some examples of the stakeholders that the company engages with are referred to below.

Customers

The company's customers are corporate customers, fleet businesses, government as well as both direct and indirect consumers. The company recognises that the fair treatment of customers is central to its strategy and the continuing success of its business.

The company's strategy is based on sustainable business relationships with our customers. The company is committed to continuous development of its processes to improve the overall customer experience and loyalty.

For example, the company takes part in a national programme known as the Voice of the Customer which focusses on delivering customer needs. Additionally an e-Retail selling platform has been developed to allow customers to transact the entire vehicle purchase online. The company aims to become the natural choice for customers by providing personalised products and services. Emphasis is placed on developing the right customer service skills and attitudes, which are monitored and supported through training. The company measures customer satisfaction continually and reports on it to monthly Sales and Aftersales Customer Boards and monthly Management Committee.

Employees

Our employees are the foundation of our success. Their professional qualifications and commitment are outstanding. In return, we offer attractive jobs, comprehensive opportunities for personal development and the opportunity to gain further qualifications. Further details on how the company engages with its workforce are contained in the Employee Engagement Statement in the Directors Report.

Suppliers

The company and the BMW Group as a whole, perceive our global supplier network as a major contribution to value creation, quality and innovation and hence to our success. Our collaboration with our suppliers is based on a mutual understanding of product and production quality, security of supplies, competitive prices and innovation, as well as the continuous integration of our sustainability requirements.

Suppliers have a significant impact on our sustainability performance and the sustainable development of society. It is therefore essential that our partners fulfil the BMW Group Supplier Sustainability Standard, which requires compliance with internationally recognised human rights, as well as labour and social standards. Further details on the BMW Group guiding principles for the worldwide supplier network can be found at: <https://www.bmwgroup.com/en/sustainability/supply-chain.html>

Corporate Governance Statement

This report comprises the Corporate Governance Statement for Park Lane Limited (“company”) required under The Companies (Miscellaneous Reporting) Regulations 2018 for the financial year 1 January 2023 to 31 December 2023 (“Financial Year”).

The company has not applied a specific corporate governance code during the Financial Year however, as a subsidiary of BMW AG, its ultimate German parent company, it operates in accordance with its parent company’s corporate governance expectations. BMW AG adopted its own corporate governance code based on the German Corporate Governance Code (“Code”) in 2002. The Code (updated in 2019) sets out how German listed companies should be organised and seeks to formulate recognised standards for good and responsible governance. The Code seeks to promote the trust of investors, customers, employees and the general public in the management and supervision of German listed companies. The Board of Directors of the company therefore manage the company in accordance BMW Group policies in relation to corporate governance, compliance and risk management.

Although the company has not adopted a UK specific corporate governance code, the company’s Board of Directors (“Board”) have considered The Wates Principles and in this statement the company has set out how the company has aligned itself to these governance principles during the Financial Year.

Purpose, Strategy Values and Future Developments

The company is a seller of premium cars and motorcycles, and provider of aftersales and other ancillary services for the BMW Group in the UK.

The company’s strategy is based on the BMW Group Strategy. As part of this strategic direction, the company will actively shape and define the transformation to a technology company for premium mobility and services. As a driver of innovation BMW AG and the company is playing a leading role in the automotive industry of the future. Digitalisation opens up new opportunities to take individual mobility to the next level - electric, connected and autonomous.

The BMW Group Strategy means a vision to shape tomorrow’s individual mobility with a strategic approach of leveraging innovative technologies, digitalisation and sustainability to deliver unique customer experiences and offer the best solutions to the individual customers’ mobility needs. It also means having a competitive advantage by having the most emotional products, attractive services and having a corporate culture to create the future with operational excellence. The company’s vision has been developed to provide a framework which engages employees to deliver the best outcomes for the company’s shareholders, employees and customers.

Culture

The company’s culture is characterised by clear responsibility, mutual respect and trust. Lawful conduct and fair competition are integral to the company’s business activities and an important condition for 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 general 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. It has a customer centric philosophy with transparent, fair and simple processes. The company’s policies are designed to support the company culture with guidelines cascaded from the ultimate parent, BMW AG.

The company recognises that long term success is founded on the culture of the organisation. The aim is to be customer centric and select the best talent to ensure the longevity and success of the organisation and to be considered one of the top employers in the UK.

There are 5 core values which the whole of the BMW Group including the company adhere to and these are **Responsibility, Appreciation, Transparency, Trust and Openness.**

These five core values encompass principles of action which define the framework for cooperation within the BMW Group of companies. Based on these core values the company prides itself in an atmosphere

of mutual trust and understanding. Employees are fully engaged with the business and there is a culture of openness and authenticity. The Board and senior management have a focus on development of cultural change and to ensure corporate strategy and customer orientation principles and values are embraced across the organisation. A brand new employee cultural identity was developed in recent years encouraging associates to be authentic, inspirational and creating an environment where people feel valued. At the heart of authenticity is the deep set of ethics, values and trust. All of these cultural and value-based initiatives are reviewed by the Board of Directors of the company.

Sustainability

Sustainability and responsibility for the environment is firmly embedded in the company's culture and corporate strategy. The company has implemented sustainability throughout its value chain. In addition to reducing CO2 emissions the strategy focuses on achieving continuous progress in areas such as environmental protection, supply chain sustainability, employee orientation and social commitment. Sustainability forms an important part of our BMW Group Strategy. Throughout 2023 the Group has continued to release new electric models and from 2025 onwards the group plans to increase its delivery of all-electric vehicles to 50%. The company is an active participant in HM Government "Go Ultra Low" campaign.

Board Composition

The Board of the company consists of two statutory directors, being Michelle Roberts, the Managing Director and Tomas Valero Ribes, the Chief Financial Officer of BMW (UK) Limited (both based in the UK).

The Board oversee the efficient and effective operation of the company. This includes consideration of the size and structure of the company so that it is appropriate to meet the strategic needs and challenges of the organisation and enable effective decision making. Whilst the company does not have any independent non-executive directors, the Directors act in a capacity largely independent of the day to day management of the company's business. In addition the company makes use of a large Corporate Audit function within the BMW Group who audit different parts of the company's business to ensure operation in accordance with relevant company policies and procedures and laws and regulations.

Committees of the Board

The company is managed by the Board and its Management Committee. The Management Committee meets on a monthly basis and works to oversee the business of the company.

Opportunity and Risk

Opportunity

The Board considers and assesses how the company creates and preserves value over the long term through assessment of opportunities presented by the changes in consumer behaviours, regulation, buying patterns.

Risk

The company has an internal control system which follows a BMW Group Internal Control System methodology ("ICS") to ensure it has appropriate and effective internal controls integrated and applied in its processes so as to maintain correct and reliable financial and accounting records, as well as non-financial KPIs, and to comply with legal requirements. The Managing Director is responsible for ensuring the operation of the ICS including, but not limited to, ICS training, control measures, key control indicators, management reporting and roles and authorisation concepts.

The company's policies are determined by its Board and drafted by or under the supervision of the BMW (UK) Limited Management Committee member with responsibility for the area covered by the policy. All policies are approved by Risk and Compliance Committee.

The BMW Group operates a four-eye principle throughout the Group. Under this requirement all documents with binding content must be reviewed and signed by two signatories with appropriate levels of authority to bind the relevant company delegated to them by the board of that company.

Information about the company's exposure and managing of credit, liquidity and interest risks is presented in Note 18.

Remuneration

It is a stated aim of the company to reinforce the connection between performance and reward and this makes the merit principle a fundamental value in our corporate culture. Remuneration is intended to promote the personal performance of every employee, including members of the Board. Market benchmarking data is used every year and determines the salary ranges for different roles.

Further details on how the company remunerates its workforce are contained in the Employee Engagement Statement in the Directors Report.

Stakeholder relationship and engagement

The company works closely with our stakeholders including retail and corporate customers, fleet businesses, our suppliers, regulators, Government and trade bodies; the local community; charities and more particularly our workforce. The company recognises that the fair treatment of all our stakeholders is central to our strategy and the continuing success of its business.

Further details on how the company engages with its workforce are contained in the Employee Engagement Statement in the Directors Report and with regard to its other stakeholders in the Stakeholder Statement in the Directors Report.