

RCI BANK UK LIMITED
YEAR ENDED 31 DECEMBER 2020

Stakeholder engagement and s.172(1) statement

This section of the Strategic Report describes how the Board of Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms part of the Directors' statement required under section 414A of the Companies Act 2006.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of RCI Bank UK Ltd for the benefit of its stakeholders as a whole, and in doing so, had regard amongst other matters to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Board also noted the views and interests of a wider set of stakeholders including our regulators. The following are examples of how the directors have had regard to the matters set out in sections 172 (a)-(f) when discharging their section 172 duties and the effect of that on certain decisions taken by them. The following section is not deemed to be exhaustive but intends to describe some of the actions and decisions related to the above matters that are considered relevant to the Board's activity and engagement with stakeholders in 2020.

At the scheduled Board meetings during 2020 the Board approved the business strategy, and structure. The Board reflected on customer surveys and results, covering customer loyalty, customer retention and satisfaction. The challenge and risks of COVID-19 were prevalent during the year and the Board discussed 'customer payment holidays' and reviewed the FCA guidance in this regard. The Board also reviewed Customer complaint trends. In the October 'Awayday' the RCI approach to Climate Change and Corporate Social Responsibility was discussed. Group strategy in regard to staff was also a focus. As the pandemic developed through 2020 the Board paid particular attention to potential mental health issues and other challenges that staff were experiencing. The Board approved the 360 Customer Communications strategy (2021 – 2024) and approved the Climate Change Policy.

How stakeholder interests have influenced decision-making

RCI recognises the importance of engaging with stakeholders to inform strategy and Board decision-making.

The Board considers stakeholder interests as well as the need to maintain a reputation for high standards of business conduct. In this second year of banking activity, the Board's priority was to continue to embed a new layer of oversight responsibilities, and further develop corporate governance structures to promote the success of RCI for the benefit of its stakeholders as a whole.

Stakeholder	Description	Engagement
Shareholder	RCI has one shareholder	In developing its business strategy, the Board has considered RCI Bank and Services' midterm plan to ensure RCI's priorities and initiatives were consistent with the shareholder's objectives.
Depositors and Retail Customers	The Bank has around 94,000 deposit customers and 300,000 Financial Services customers	RCI's strategic objective is to lead our business to be customer centric and to treat customers fairly at every step of their journey. Due to the unprecedented challenge of COVID-19, call durations were extended by our customer services team, as we dedicated time to support customers and explain the financing options available to them including 'payment holiday' options. For our depositors at RCI Bank UK Ltd, the Board was made aware of the challenges linked to COVID-19 to maintain the same level of customer service in a peak activity. Interest rate changes to these customer accounts were reported to the Board.
Employees	The average number of people employed by the RCI Group during the year was 308 (Full time equivalent)	Our employees are a fundamental asset of RCI. In line with the Renault Way principles, employees are engaged with corporate activities at a local level, RCI Bank and Services group level and Alliance level via town hall meetings, breakfasts with the CEO, internal newsfeeds and regular updates from the CEO. Staff moved to homeworking during the pandemic and communication with employees was increased to include a weekly company-wide call. Employees were also given the opportunity to ask questions on any topic directly to the Executive Committee. Regular staff

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		<p>surveys were conducted to ensure that those suffering in lockdown were contacted individually. All new employees followed a detailed induction that included gaining awareness of the Renault Way. Continual training is provided to all employees in relation to their roles and employees can request additional training where required. Through its diversity and inclusion policy, RCI seeks to ensure that every employee, without exception, is treated equitably and that all employees are aware of their responsibilities. Our policies and procedures fully support our disabled colleagues. We take active measures to do ensure that we have a robust reasonable adjustment policy. RCI is responsive to the needs of its employees. As such, should any employee of the Group become disabled during their time with us, we will actively retrain that employee and make reasonable adjustments to their working environment where possible, to keep the employee within RCI. It is the policy of the Group that the recruitment, training, career development and promotion of disabled persons should ensure full inclusion in all aspects of RCI life.</p>
Suppliers & key Outsourced relationships	RCI have a wide variety of suppliers providing goods and services to the Group	<p>The relationship with suppliers is fundamental to the quality level provided to customers, the Board closely monitored the arrangements involving key suppliers to ensure an adequate level of service and oversight by the Group's management. In 2020 the outsource contract for deposit activity was renewed for a further period and an exit strategy plan was approved by the Board.</p>
The Dealership network	The Alliance dealers are key partners to RCI's business	<p>The dealers act as intermediaries to provide our customers with financial solutions for buying their vehicles and services. The Group, which provides funding to the dealer network, ensured that adequate payment extension measures were offered to those that were adversely impacted by the pandemic and related closure of car showrooms.</p>
Regulators	RCI's principal regulators are the PRA and FCA	<p>It is RCI's policy to interact with its Regulators in an open and cooperative way. Members of the Board and senior managers meet with the PRA on a regular basis and this relationship is positive. During the year there were regular reporting to and dialogue with the PRA in respect of the ongoing impact of COVID-19 on the business of both RCI Bank UK and RCI FS. On a solo basis, RCI FS has implemented the FCA's Finalised Guidance in respect of the fair treatment of customers affected by coronavirus and has also prepared an action plan to implement FCA rules and guidance in respect of discretionary commission schemes, effective from 28 January 2021.</p>
Communities and the environment	The geographic locations in which RCI has offices (Maple Cross, England)	<p>RCI encourages various community engagement initiatives that include employees participating as mentors to local school children and providing work experience placements, internship opportunities with universities and various initiatives to support charitable organisations. The Board has established a climate change strategy, deploying initiatives for decreasing its carbon footprint and its operations' impact on the environment. In 2020 we established carbon emission data for our offices and remarketing areas of the business. We used this report to produce an action plan to target areas for reduction. We have introduced a remote working policy that will limit staff commuting, a paperless solution for documentation, and a regular update communication to our staff. Finally, we have offset our carbon emissions through an external partnership.</p>
Business relationships and Conduct	The Board conducts its business responsibly having regard to appropriate customer outcomes, and ensuring regulatory compliance and high standards of professional conduct	<p>RCI continued to develop its Corporate Governance Framework during 2020 and this will be further embedded during 2021. High standards of professional conduct are communicated via the Code of Conduct and adherence to the Senior Manager and Certification Regime. The Board is committed to embedding Section 172 factors in the culture of the business and decision making at all levels of management.</p>