

RCI BANK UK LIMITED
YEAR ENDED 31 DECEMBER 2019

Stakeholder engagement and s.172(1) statement

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 414CZA of the Company 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 Directors also took into account 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 2019. The Governance Report from page [.] also explains how the Directors ensure stakeholder interests are taken into consideration via the various Board and Board Committees.

How stakeholder interests have influenced decision-making

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

In making its decisions, the Board considers stakeholder interests as well as the need to maintain a reputation for high standards of business conduct. In this first year of banking activity, the Board's priority was to embed a new layer of oversight responsibilities, to set up the new corporate governance structures which were among the mandatory conditions to obtain the banking licence and therefore promote the success of RCI for the benefit of its stakeholders as a whole.

Customers and Suppliers

In line with, "We love our customers", Renault Way principles, RCI's objective is to lead its business to be customer centric and to treat customers fairly at every stage of their journey. The Board reviews on a regular basis the initiatives, projects and actions that will foster the Group's business relationships with private and business customers, dealers, retail depositors and the Renault-Nissan Alliance brands in the UK.

In this first year of the new bank structure, and since the relationship with suppliers is fundamental to the quality level provided to the customers, the Board has engaged with and visited the premises of one of RCI's main suppliers in charge of a key outsourcing activity for the savings activity to engage with the supplier and employees. The outsourcing arrangements involving key suppliers have been considered by the Board in order to ensure the adequate level of service and oversight by the Group's management.

Employees

RCI and its Directors want to protect all its employees by providing a safe and healthy environment and encourages employees to work from home when appropriate. The Group values the diversity of its employees and wants to provide an atmosphere where everyone can contribute and develop in a safe working environment, free from harassment or bullying. RCI has in place detailed policies and procedures, accessible to all staff, covering Whistleblowing, Anti-Bribery and Corruption whose oversight is provided by the Board.

Workday (People@Renault) was implemented in July 2019 as a new digital platform to improve employee experiences. Several additional modules of the platform will be deployed in 2020. Employees are kept informed of the corporate activities at a local level, RCI Bank and Services group level and Alliance level. This is done through town hall meetings, breakfasts with the CEO, internal newsfeeds and regular updates from the CEO.

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The recruitment process is based on the Renault Way values which ensure RCI has the highest skilled employees with behaviour that reflects its corporate values. These principles are: 'We love our customers', 'We decide and contribute', 'We speak the truth', 'We grow together', 'We make it simple'. All Directors, as well as all senior managers, have participated in an introduction and at least one training module outlining these Renault Way principles which have a clear focus on the impact of stakeholders when making decisions.

RCI aspires to honour the Declaration of Human Rights and does not use any form of forced labour, nor do we tolerate any form of abuse, either physical or mental.

We ensure that sufficient training is provided to all employees in relation to their roles and responsibilities and encourage employees to request any additional training which may be required.

Appointments

The Nomination and Remuneration Committee, on behalf of the Board, must assess the fitness of potential candidates to Senior management and Board positions, who should demonstrate relevant experience and banking expertise that would serve to deliver long sustainable growth to the business, benefiting its shareholder and stakeholders. This committee considered several appointments in 2019 - including a new CEO - and will continue to ensure that its nomination process is based on the principle of fairness. For all senior appointments, especially at Board level, the interests of the Company's stakeholders - including but not limited to the shareholder, the customers and the regulators - are a key focus. The Directors recognise the importance of having a diverse Board and workforce. The Board is committed to developing an inclusive culture and undertakes appropriate training to support this policy.

Regulators

The Board recognises the importance of open and transparent dialogue with the regulators. Representatives from the Prudential Regulation Authority (PRA) have visited RCI which included meeting Directors of the Company. In addition, individual Directors engage regularly with the PRA as part of routine discussions. This was particularly important during 2019 being the first year of licensed banking operations. During this period, the Board ensured the priorities and rules set by the regulators were addressed and dealt with promptly by management. RCI has also been involved in discussions with the Financial Conduct Authority (FCA) and the consultation in relation to motor finance discretionary commission models, consumer credit commission disclosure and the deployment of the Senior Management and Certification Regime.

Climate Change, Environment and the Community

The Board sets the Group's strategy of deploying climate change initiatives and decreasing its carbon footprint and operations' impact on the environment. Three related internal initiatives were carried out in 2019, with the intention of increasing the number and their scope in 2020. From a business perspective, the Board keeps under review the strategy relating to Electric Vehicles, a priority in relation to brands financed by RCI, given the multiple regulatory changes affecting the motor industry. RCI aims at supporting the brands and car dealers by providing bespoke finance products and services to Alliance customers to help their switch towards electric vehicles.

RCI encourages various community engagement initiatives which include employees participating as mentors to local school children and providing work experience placements, the provision of internship opportunities with universities and various initiatives to support charitable organisations.