

RCI BANK UK LIMITED
YEAR ENDED 31 DECEMBER 2021

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 2021.

At the scheduled Board meetings during 2021 the Board approved the business strategy. The Board reflected on customer surveys and results, covering customer loyalty, customer retention and satisfaction. The Board also reviewed customer complaint trends. The Board received an update from the Customer Services Director and the Head of Savings. The challenge and risks of COVID-19 were prevalent during the year and the Board discussed the Working From Home Policy. The Board discussed People strategy including a focus on Culture, and staff engagement. As the pandemic continued through 2021 the Board paid particular attention to potential mental health issues and other challenges that staff were experiencing particularly in light of the emergence of the new Omicron variant towards the end of the year. In the October 'Awayday' the RCI approach to Climate Change and Corporate Social Responsibility was discussed. The Board approved the 360 Customer Communications strategy (2021 – 2024) and approved the Climate Change Strategy.

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 third year of banking activity, the Board's priority was to continue to embed 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 95,000 deposit customers and 317,000 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. 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 304 (Full time equivalent)	Our employees are a fundamental asset of RCI. In line with the RCI Bank UK 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 had returned to work in the office in a hybrid approach prior to the December lockdown. The office has remained open for those whose wellbeing benefits from being outside of the home. Communication with employees includes a fortnightly company-wide call introduced during the first period of lockdown. Employees are also given the opportunity to ask questions on any topic directly to the Executive Committee. Regular staff 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 RCI

RCI BANK UK LIMITED
YEAR ENDED 31 DECEMBER 2021

		Bank UK Way and governance. 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.
Suppliers & key Outsourced relationships	RCI have a wide variety of suppliers providing goods and services to the Group	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 outsourcing contract for deposit activity was renewed for a further period and an exit strategy plan was approved by the Board.
The Dealership network	The Alliance dealers are key partners to RCI's business	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.
Regulators	RCI's principal regulators are the PRA and FCA	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.
Communities and the environment	The geographic locations in which RCI has offices: Maple Cross, England	RCI encourages various community engagement initiatives where possible. Our internship opportunities with universities continues to provide a rich and varied access to talent. The Board has established a climate change strategy, deploying initiatives to decrease RCI's carbon footprint and its operations' impact on the environment year on year. In 2021 we continued to improve the granularity of our 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 communication to our staff and customers. We have launched a savings product E-Volve Saver that allows our savers to fund green products and we have set up a customer contribution scheme. Finally, we have offset our internal operation's carbon emissions through an external partnership and an investment in nature based projects as voted by our staff.
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	RCI continued to embed its Corporate Governance Framework during 2021 and will continue this focus during 2022. 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.