

# Park Lane Limited

## Section 172 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.

In 2019, the company's lawyers, gave a presentation to remind the Board of their responsibilities under section 172 and how their duties should be fulfilled.

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.

### *Decision Making*

Our strategy, which we set out in 2017, is to be SIMPLY SUCCESSFUL meaning putting simplicity at the heart of everything we do. This success manifests itself in three outcomes:

- PROFITABILITY – for the company, and the wider BMW Group.
- EFFICIENCY – we strive to make it easy for all stakeholders to do business with us;
- PARTNERSHIP – we aim to act in partnership with our customers, suppliers and employees.

Our strategy aims to achieve these outcomes for the company by focusing on the following six cluster areas: Product, Brand, Customer, Channel, Mobility and People. Each of these cluster areas has a number of initiatives which are planned or in development to achieve the goal. Progress against key initiatives is reviewed by the Board on an ongoing basis and communicated to the whole business on a regular basis.

Our strategy allows us to be competitive, flexible and resilient while also responding to a rapidly changing market situation. In 2019 examples included:

- Quarterly review of Key Performance Indicators and definition of actions to ensure we reach our long-term objectives;
- Review of our operational structure to ensure our organisational model remains fit for future;
- Review of training strategy to ensure future training needs are met.

*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 2019, the following activities have been performed:

- All employees have been asked to participate in an online Global All Employee Survey in order to help in assessment of employees' concerns and aspirations.

- The company have recently migrated from OHSAS 18001 to ISO 45001 Safety Management System. ISO 45001 is an International Standard that specifies requirements for an occupational health and safety (OH&S) management system, with guidance for its use, to enable our organisation to proactively improve its OH&S performance in preventing injury and ill-health.

*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 2019 examples included:

- Quarterly review's 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.
- Numerous product events organised throughout the year to further understand our customers' needs and expectations.

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

#### *Community and Environment*

As a business we continually look for increasingly sustainable methods of operating. This culture is active across all of our business and part of our overall strategy. We consider this through all of our processes to ensure we review existing methods and seek out new best practice and improved commercial methods of operating. This extends into our supply and value chain, our employees and our overall social commitment. We also operate the UK's only dedicated BMWi and hybrid showroom and sales team emphasising our business focus on the shift towards reducing emissions on new and used vehicle sales.

As a business we remain committed to the principles of the United Nations Global Compact and have and its 10 principles. Our sustainability goals support 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. In 2019, we are proud to continue our support of numerous charities 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 taken active steps to drive cultural change and to ensure corporate strategy and customer orientation principles and values are embraced across the organisation.

## *Extracts from the Directors' Report*

### **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 2019 to 31 December 2019 ("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 and Values**

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 BMW AG Strategy called "Strategy Number One > Next". As part of "Strategy Number One", 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.

Strategy Number One > Next 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 jeopardize 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 taken active steps to drive 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 and communicated to the business as a whole at regular briefings.

## **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 Number One Next strategy. Our product range will include 25 models which are either plug in hybrid electric vehicles or battery electric vehicles by 2023. The company is an active participant in HM Government "Go Ultra Low" campaign.

*For further details on how sustainability is managed by the BMW Group, visit [www.bmwgroup.com/en/responsibility/sustainability-at-the-bmw-group.html](http://www.bmwgroup.com/en/responsibility/sustainability-at-the-bmw-group.html).*

## **Board Composition**

The Board of the company consists of two statutory directors, being Chris Learmonth, the Managing Director and Richard Price, the Aftersales Director 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 Director acts in a capacity largely independent of the day to day management of the company's business. In addition the company frequently 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 by assessment of opportunities presented by the changes in consumer behaviours, regulation, buying patterns, opportunities and challenges presented by new technologies introduced in our product offering, such as battery electric vehicles and plug in hybrid vehicles.

### **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 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 utilises the Risk function of BMW (UK) Limited, which focuses on managing day-to-day risks impacting the business and is responsible for defining risk management methodology. Risks are monitored and managed at an operational level through the Risk and Compliance Committee. There are clear roles and responsibilities within this Risk management system set out in the company's Risk Management Policy.

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.

## **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.*

## **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 and with regard to its other stakeholders in the Stakeholder Statement.*

# **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. In the Financial Year employees were 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 relate to leadership, team, strategy, processes, and culture and employer attractiveness.

As a business we are committed to provide where necessary in order to enhance 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 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. This is promoted through a number of in house network groups which cover a range of subject areas such as mental health and disability.

The ethos of Diversity and Inclusion means the company is very supportive of individuals to achieve their full potential regardless of physical ability. Examples of initiatives that the company is working on include: Supporting an accessible workplace; promotion of quiet spaces; inclusive leadership; disability awareness and becoming a disability confident employer. 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.

There is a PRIDE network group which supports the company's LGBT community. The company was represented at the PRIDE parade in London this Financial Year. Other campus groups include a group supporting working parents and part time workers called, "Timewise".

## **Recruitment**

The company is an equal opportunities employer of over 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.

Offers of employment are made subject to satisfactory completion of pre-employment checks, which include verification of reasons for leaving past employers, qualifications and honesty.

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 in this a performance management process is employed. This process provides the following:

- ensures the employee has a clear understanding of what is expected of them;
- enables the employee to monitor their performance against the requirements for their role;
- provides a fair and consistent way of measuring the performance of all staff;
- helps identify any training needs;
- helps identify how employees can maximise their potential;
- enables employees to discuss their aspirations for the future; and
- Succession planning is performed annually following the performance review process.

Individuals establish a Personal Development Plan with their manager each year as part of the Performance Management Process. Formal, informal (coaching etc.), computer based and on-the-job training is then provided to meet individual training needs and in fulfilment of best practice and legislative requirements.

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.

## **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 capture as part of the portfolio process.

## **Remuneration**

All 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.

## **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 [www.bmwgroup.com/en/responsibility/stakeholder-engagement.html](http://www.bmwgroup.com/en/responsibility/stakeholder-engagement.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 seeks to re-invest for growth and innovation. The company is committed to continuous development of its processes to improve the overall customer experience and loyalty. For example, the company is involved with a retailer incentive 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 and also via a cultural change programme. The company measures customer satisfaction continually and reports on it to the Customer 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 how the company engages with its suppliers can be found on the BMW Group website at [www.bmwgroup.com/en/responsibility/supply-chain-management.html](http://www.bmwgroup.com/en/responsibility/supply-chain-management.html)

### **Community and Charity**

Corporate Social Responsibility is important to the company and it undertakes many initiatives in this area. The company raised £1,000 (2018: £nil) in the Financial Year for the Group Charity, The Macmillan Cancer Trust and BEN (the Automotive Industry Support Service).