

Corporate Governance Statement

This report comprises the Corporate Governance Statement for Alphabet (GB) Limited ("Company") required under The Companies (Miscellaneous Reporting) Regulations 2018 for the financial year 1st January 2024 to 31st December 2024 ("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. In addition, BMW Group has defined a set of corporate governance "minimum standards" specifically for its financial services subsidiaries, with which the Company also complies. The Board of Directors of the Company therefore manage the Company in accordance with 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 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 in the Financial Year.

Purpose, strategy and values

The Company provides a wide range of mobility solutions to customers through several distribution channels in the United Kingdom ("UK"). Its mobility solutions include vehicle funding and associated products and services.

The Company's strategy is based on BMW Group Strategy. Alphabet plays an important role in supporting BMW Group to actively shape the future of mobility, by offering inspiring premium products for individual mobility, today and for future generations, and by generating profitability. BMW Group Strategy recognises that mobility products need to change over time: with regard to different drive trains, the degree of connectivity and the positive overall experience customers can expect from its vehicles.

The Board has defined that the purpose of the Company is 'creating the best customer experience, making mobility easier and better'. By fulfilling its purpose, the Company aims to work towards its strategic visions:

- Firstly 'Customer Driven' reflecting our Customer Driven Organisation and focus on delivering good customer outcomes,
- 'Accessibility' to and for customers through our routes-to-market and omni-channel approach,
- 'Effortless Experience' as our service delivery promise,
- 'Sustainable Excellence' focused on ensuring our organisation is sustainable and scalable
- 'Empowered & Adaptable' focused on our people, organisational structures and optimisation within the BMW Group

All strategic initiatives feed directly into one or more of the Company's fundamental ambitions - to be simple to do business with; to be accessible across all channels; to be at all times customer oriented

and inspire trust; and to achieve operational excellence; as well as agility, speed and innovation. The Board's Management Committee as well as its Sub-Committees review and consider the various stakeholders referred to in the Directors report when arriving at recommended business decisions consistent with the strategy.

Culture

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 a collegiate 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 new employee cultural identity was developed in recent years encouraging people to be authentic, inspirational and creating an environment where people feel valued. At the heart of authenticity is a 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 the Management Committee and communicated to the business as a whole at regular Business Briefings.

Board Composition

The Board of the Company consists of three statutory directors, being Michael Dennett, the Chief Executive Officer, Ursula Wingfield, the Chief Financial Officer ("CFO") (both locally based in the UK) and the non-executive director, Harald Schlegel.

The Board combines global experience inside and outside the BMW Group in different business areas ensuring that Board decisions incorporate diverse perspectives.

Both executive members of the Board are designated Senior Management Functions by the FCA. All employees in a Senior Management Function must be approved by the FCA before they commence the role and must pass an annual check that they remain fit and proper to undertake the role.

Independent assurance is provided by the BMW Group Internal Audit department and independent legal advice is provided by the BMW Group Legal department.

Committees of the Board

The Company is managed by the Board, and primarily four Board-delegated committees: The Management Committee, National Risk Committee, Local Credit Committee and Compliance Committee. The Management Committee, which meets every month, is the main decision-making body for operational matters. The Management Committee works to:

- Ensure that customers are treated with fairness and respect and that good customer outcomes are achieved in accordance with the FCA's Consumer Duty;
- Ensure compliance with laws and regulation;
- Ensure employee engagement and change management initiatives are designed to achieve strategic objectives;

- Promote the sustainable success of the Company for the benefit of the members as a whole taking consideration of all the Company's stakeholders, its corporate social responsibilities and the environment the Company operates in;
- Approve strategic objectives, initiatives and long-range planning in line with the ultimate parent company, BMW AG;
- Ensure that the necessary financial and other resources are made available for objectives are achieved;
- Monitor progress towards achievement of strategic objectives;
- Ensure organisational and structural changes are carried out in line with strategic objectives; and
- Operate within a framework of effective systems of corporate governance and internal controls appropriate to the environment in which it operates, which enable the assessment and management of opportunities and risks.

The Management Committee comprises the executive Board members, Legal Counsel, and the most senior managers in the areas of Operations, Risk, Compliance, Sales, and Human Resources. The Senior Managers and Certification Regime (SM&CR) has applied to the Company (and all firms conducting FCA-regulated consumer credit activities, with some exceptions) since 9 December 2019. The SM&CR aims to reduce harm to consumers and strengthen market integrity by creating a system that enables firms and regulators to hold individuals working at FCA-regulated firms personally accountable for their actions.

The effectiveness of Management Committee members and members of the sub-committees is measured via the Company's annual appraisal process where all employees are reviewed against their objectives which include continuous professional development. Strengths and weaknesses are discussed against a backdrop of feedback from key stakeholders. A rating is given with development goals followed up.

The CEO acts as Chairman of the Management Committee and with the support of the CFO and Senior Legal Counsel oversees the efficient and effective operation of the Company's Board and its committees. This includes consideration of the size and structure of the Board, Management Committee and sub-committees so that they are appropriate to meet the strategic needs and challenges of the organisation and enable effective decision-making. Consideration is given to the balance and diversity of the Board and all its committees.

The National Risk Committee is responsible for strategic decisions relating to risk management and policy. This includes setting residual values, as well as monitoring credit risk, interest rate risk and operational risk.

The Local Credit Committee is responsible for approving credit proposals for Corporate Fleet customers.

The Compliance Committee is responsible for oversight of regulatory compliance topics.

Each board-delegated committee has its own subset of sub-committees where more detailed topics can be discussed and reported back to the main committee. They all have their own Terms of Reference, and formalised approach, with committee agenda and committee minutes, voting rules, and escalation processes.

In addition, each committee has a Secretary who ensures the timely distribution of materials prior to meetings and works to ensure the accuracy of documents submitted to the committees for consideration and approval.

The CEO acts as Chairman of the Board and, with the support of Legal Counsel, oversees the efficient and effective operation of the Company's Board and its committees. In addition the Company frequently makes use of a large internal audit function which audits different parts of the Company's business to ensure operation in accordance with relevant Company policies and procedures and laws and regulations.

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 Company is committed to encouraging diversity being inclusive and preventing discrimination amongst the workforce. This is promoted through a number of in house network groups which cover a range of subject areas such as mental health and disability.

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 customer behaviour, regulation, taxation, introduction of new technologies, such as battery electric vehicles and plug in hybrid vehicles, opportunities and challenges presented by new finance concepts for mobility services such as car sharing, short-term rental and subscription models.

Consideration of opportunities for the Company are assessed against associated risks.

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 CRO 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. Risks are monitored and managed at an operational level through the National Risk Committee. There are clear roles and responsibilities within this risk management system set out in the Company's Risk Management Policies.

The Company's policies are determined by its Management Committee and drafted by or under the supervision of the Management Committee member with responsibility for the area covered by the policy. 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.