

## BNP PARIBAS LEASING SOLUTIONS LIMITED (THE COMPANY)

### SECTION 172 OF THE COMPANIES ACT 2006 STATEMENT

#### Introduction

Section 172 of the Companies Act 2006 (the **Act**) sets out the general duty of directors of a company to promote the success of the company. Section 172 of the Companies Act 2006 (the **Act**) provides that a director must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In so doing, the director must have regard (among 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 purpose of this section 172 statement is to describe how the directors of the Company have had regard to these matters when performing their duty in the year to 31 December 2023.

#### Culture

The Company and the BNP Paribas group is committed to its role as a responsible funder. It has adopted four pillars in its approach to its responsibility: i) financing the economy in an ethical manner; ii) developing and engaging its people responsibly; iii) being a positive agent for change in its markets; and iv) adopting a responsible approach to the environment. The Company, as a member of the BNP Paribas group, conducts its business in a manner which reflects these commitments. The directors adhere to these commitments in their decision making.

#### The Company's Stakeholders

The Company sources its capital from within the BNP Paribas group and works closely with equipment manufacturers and suppliers to deploy capital in volumes and at rates that enable the Company to provide competitive asset finance products in the real economy, meeting the needs of its business customers.

The Company meets the asset finance needs of its business customers indirectly, through vendor finance intermediaries being equipment manufacturers, equipment distributors or dealers, resellers and brokers (**Introductory Sources**). The Company operates ethically in a regulated environment.

The Company has identified and reviewed its key stakeholder relationships:

Stakeholder	Description of relationship	Means of engagement
Funder	The Company receives its funding from within the BNP Paribas group.	The Company has credit lines with the BNP Paribas group.
Equipment Vendors - Manufacturers and Distributors	The Company has trading agreements with its Introductory Sources who introduce business customers to the Company.	The Company carefully selects and manages its introducers, the majority of whom are FCA authorised credit brokers. The Company has formal trading agreements in place with its Introductory Sources, which include minimum standards of conduct and the

		right to monitor and audit their activities. All Introductory Sources are the subject of an Introductory Source policy which includes annual reviews. The Company has no appointed representatives.
Customers/End Users	The Company works with all sizes of businesses in the UK and the Republic of Ireland, from PLCs through to sole traders and to whom it provides asset finance by means of hire purchase, leasing, loans and unit stocking.	Business customers or end users with asset finance needs are introduced to the Company by Introductory Sources. The Company carries out credit and underwriting and if approved the Company provides finance to the Customer in order to finance the customer's use of the equipment in the UK and, on a more limited basis, in the Republic of Ireland. Finance terms are documented and set out in lease, HP and (to a lesser extent) loan / credit agreements.
Suppliers	The Company purchases the goods and services it requires from suppliers in the course of its business.	The Company engages with its suppliers in accordance with the BNP Paribas group procurement policy and guidelines.
Outsourcing Services Provider - Republic of Ireland	In order to support finance lease and hire purchase business in the Republic of Ireland, the Company outsources certain contract management services to an outsourcing services provider.	The Company engages with the outsourcing services provider under the terms of a Master Services Agreement.
Regulators	The Company is authorised and regulated by the Financial Conduct Authority ( <b>FCA</b> ).  The Company is an authorised Retail Credit Firm under the Central Bank of Ireland's ( <b>CBI</b> ) transitional authorisation regime.	In the UK, the Company is authorised and regulated by the FCA as it is a provider of finance including agreements regulated under the Consumer Credit Act, albeit always in accordance with the Company's business to business model. The Company's senior management fall within the FCA's Senior Managers and Certification Regime.  In the Republic of Ireland the Company became a CBI authorised retail credit firm in August 2022, under CBI transitional authorisation rules <sup>1</sup> .
Compliance	The Company has independent, Compliance, Legal and Risk teams that report direct to group functions.	The Company's local control functions (Compliance, Legal and Risk) have independent reporting lines to those control functions at group level. The Company attends group compliance and regulatory reform committees, which facilitates a global overview of compliance and management of compliance matters. The Company sets high standards to adhere to in its own policies and procedures which are reviewed at least every 36 months in accordance with group procedures.
Trade Body – Finance and Leasing Association ( <b>FLA</b> )	The Company is a member of the FLA, an established UK trade body in the asset finance sector.	The Company attends FLA committees including Regulatory reform and Legal committees and pursues its asset finance business in accordance with the FLA's Business Finance Code <a href="https://www.fla.org.uk/business-information/documents/fla-business-finance-code">https://www.fla.org.uk/business-information/documents/fla-business-finance-code</a> .
Employees	The Company employs a workforce of approximately 400 necessary for its operations.	The Company's managers maintain a programme of one-to-one meetings with all staff at all levels within the business. The Company communicates pro-actively and regularly with all staff including meetings at which the performance and plans of the Company are presented and discussed, including regular written communications and newsletters, face to face presentations from the senior leadership team and during the Company's summer conference in 2023.
Shareholders	The Company is a wholly owned subsidiary. See Note 30.	BNP Paribas Lease Group plc is the Company's holding company. The Company is the operating company for all BNP Paribas business leasing activity

<sup>1</sup> This follows the enactment of the Irish Consumer Protection (Regulation of Retail Credit and Credit Servicing Firms) Act 2022, which extended the scope of regulated activity in Ireland to business to business hire purchase and finance leasing with sole trader customers.

		in the UK and is ultimately owned and controlled by BNP Paribas SA. The Company provides regular updates to its intermediate shareholder (BNP Paribas Lease Group SA) through board meetings, internal reports and the circulation of key documentation.
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#### The Company's approach to decision making and key decisions in the period

The Company sought in the year to 31 December 2023 to continue organic growth within its existing asset categories as a result of reinforcing relationships with key manufacturers and partnership distributors. In doing so the Company's key decisions related to:-

- those areas of the market in which it could deliver appropriate products and customer service and the partnerships which would assist it to do so;
- the continued embedding of the Senior Managers and Certification Regime;
- continuing to support the integration and management to the UK branch BNP Paribas 3 Step IT, a French joint venture entity; and
- compliance with financial services regulations and maintenance of its reputation as a trusted financial institution. In all decisions the Company sought to maintain high standards of business conduct and ensure compliance with the rules and standards imposed upon it by its regulator(s).

Ultimately the Company sought to balance growth of its operation as a responsible provider of asset finance with the generation of profit attributable to its shareholder each year, and on an interim basis where appropriate.

#### Community and environment

Being a positive agent for change in its community and combating climate change are two of the pillars in BNP Paribas' commitment to being a responsible bank. As a member of the BNP Paribas group, the Company shares this commitment towards the environment.

The Company takes into account the environmental and societal consequences of its activity with a view to participating in building a more sustainable future. Streamlined Energy Carbon Reporting regulations continue to be adhered to by the Company and the Company has continued to seek to limit its environmental impact in the year to 31 December 2023. To inform its work in this area, the Company tracks the environmental impact of its business through reporting and defined indicators. As part of the Company's vendor finance model, the Company responds to and is beholden to its Introductory Sources' requirements which are expected to evolve as the asset finance market evolves towards renewable, sustainable models including among others, electric vehicles. The Company continues to engage to develop its IT asset finance business in 2023 by supporting the UK branch of the BNP Paribas 3 Step IT SA (the joint venture between French company, BNP Paribas Lease Group SA and Finnish company, 3 Step IT Group Oy), which specialises in life cycle management of IT assets, promoting the circular economy which the BNP Paribas group is committed to.

#### Dividends

The directors of the Company considered making a recommendation with regard to payment of a dividend. In deciding whether or not to make such a recommendation, the directors sought to balance the desire to return value to its shareholder with the working capital requirements of the business and whether the Company would continue as a going concern.

#### Website publication

This section 172 statement is available to read and download on the Company's website at the below:

[Section 172 Statement \(bnpparibas.co.uk\)](https://bnpparibas.co.uk)