

Creation Consumer Finance Limited (“the Company”)

Section 172, EE Engagement & Corporate Governance Statement

Background

Section 172 of the Companies Act 2006 (“the Act”) defines the general duties of directors of a company to promote the success of that company. Section 172 of the Act states:

“A director of a company must act in the way he 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 the:

- likely consequences of any decision in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.”

The purpose of this statement is to describe how the directors of the Company have considered these requirements, when performing their directorial duties in the financial year to 31 December 2023.

Decision Making & Key Decisions

Throughout the financial year to 31 December 2023, the Company sought to continue its organic growth within its existing network of retail partners offering credit facilities to customers. In addition, the Company sought to attract new retail partners and therefore broaden the overall customer base.

As a result, the directors made key decisions on the:

- sectors of the market in which it would provide credit to customers and the retail partners, credit intermediaries and brokers that it used to do so;
- operational requirements necessary to deliver services in an effective manner to customers and retail partners;
- IT systems and Company human resources necessary to ensure effective delivery of its business plan;
- financial position of the Company to ensure its ongoing financial viability and stability;
- introduction of the Consumer Duty as a regulated consumer credit finance provider; and
- manner in which the Company conducted its business to ensure appropriate standards of governance and business conduct are maintained as well as ensuring complying with the requirements of its regulator and trade body.

Throughout the year to 31 December 2023, the Company and its directors sought to balance its performance as a responsible lender with the generation of profit and obligations to its shareholders in order to maintain its ongoing financial viability.

Corporate Social Responsibility (CSR)

The Company aims to be a sustainable, ethical and caring organisation. Sustainability is an important part of how it does business, it acts and how it makes things happen in society as it takes pride in the valuable contribution it makes to its local communities.

The Company has a clear focus to promote access to more responsible and sustainable consumption, to support its customers and partners. It is taking steps to build a sustainable and inclusive relationship with its partners and customers.

The Company believes in creating a sustainable, fair, and inclusive workplace as a diverse team makes for a stronger team and it is committed to gender equality, mental health and being a Disability Confident employer as well as minimising the environmental impact of its operations.

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The Company runs programmes to support young people in gaining the skills and opportunities they need to succeed. It also encourages colleagues to volunteer for causes they care for.

Throughout 2023 the Company has:

- signed a partnership with the Canal and River Trust which will include a number of volunteer days supporting our local waterways
- supported 335 young people with employability and financial education; and
- undertaken more than 1200 hours of volunteering.

In addition the Company tracked and sought to limit its environmental impact through reporting using defined indicators

Stakeholders & Employees – Report on Engagement

The Board strives to take decisions for the long term, with the aim of understanding and respecting the views and needs of our stakeholders and our shareholder to whom we are accountable.

Details of the Company’s primary stakeholders, the methods used to engage with those stakeholders and the effect of this regard on the Company’s decision-making and strategy is set out in the table below.

| Stakeholders | Form of Engagement | Influence on Committee / Board Agenda and decision-making and strategies |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financiers | | |
| The Company receives its funding via its parent Creation Financial Services Limited from BNP Paribas Personal Finance S.A. | The Board and Finance Committee receive regular updates on the Company funding position. | The Board assesses decisions to be made in line with the financial stability of the Company. |
| Shareholder | | |
| The Company is a wholly owned subsidiary of Creation Financial Services Limited which in turn is a wholly owned subsidiary of Alpha Credit S.A. | The Company provides regular updates to its parent company and the wider BNP Paribas S.A. Group through internal reports and documents as well as those Company directors employed by other BNP Paribas SA Group entities. | The Board makes decisions on the need to balance performance as a responsible lender with the generation of profit and its obligations to its shareholder and financier in order to maintain its ongoing financial viability |
| Employees | | |
| The Company provides its services via the employees of its parent company. It has access to approximately 800 employees to ensure it is able to undertake its operations effectively. | <p>The Company regularly communicates with employees through various media including one to one meetings, employee briefings, videos and conferences. The Company (via its parent) seeks regular feedback from employees and customers to determine how it is performing in providing its products and services.</p> <p>The Company expects staff to work in the office approximately 2 days per week with the remainder of work being undertaken remotely or at home. That working practice is expected to continue throughout 2024.</p> | The HR Committee and Board use the feedback to determine the way in which employees are further engaged or employee issues addressed and the extent of human resources and systems required to perform effectively. |

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| Stakeholders | Form of Engagement | Influence on Committee / Board Agenda and decision-making |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers | | |
| <p>Our customers are individuals that use our products and services to help them buy the goods and services they need in their daily lives.</p> <p>By delivering our products to customers in a transparent and responsive way they can be confident we are delivering the products and services they require from us.</p> | <p>The Operations Committee is responsible for the oversight and review of the company’s operational activities. The aim of the committee includes assessing performance against delivery of operational objectives and considering proposals for any changes to operational activities and / or priorities.</p> <p>Feedback is regularly obtained from customers through surveys to understand how the customer feels about the products and services offered. Each member of the committee undertakes regular call listening to understand the experience customers receive.</p> <p>During the year the Company implemented a range of measures to reflect the needs of customers.</p> | <p>During the year the Executive Committee and Board received feedback from the Operations Committee and it has been used to enhance the way that the Company deals with its customers.</p> <p>The results from feedback and call listening has been used to enhance the way the Company deals with customers.</p> |
| Partners | | |
| <p>Our Partners are those organisations with whom we have a commercial relationship and who wish to make our products available to their customers to enable the partner to provide its goods and services to our common customers.</p> | <p>The Commercial Committee is responsible for the oversight and review of the Company’s commercial activities. The aim of the committee is to assess performance against delivery of the commercial objectives and to consider proposals for any changes to the Company’s commercial activities and / or priorities.</p> <p>Feedback is regularly received from meetings with commercial partners. Throughout 2023 the key focus areas were the ongoing impact of the pandemic, the re-evaluation of restrictions and how the Company and its retail partners adapted to that evolving situation throughout the year.</p> | <p>During the year the Executive Committee and Board received and approved updates from the Commercial Committee and the actions taken to amend the commercial offering and the products made available to customers.</p> <p>Feedback from commercial partners has been used to tailor activities and priorities as the retail market evolves and changes. The information has also been used to develop and amend the commercial offering as well as products to be made available to customers.</p> |
| Suppliers | | |
| <p>The Company purchases the goods and services necessary for its operations from a range of suppliers.</p> | <p>The Company selects and engages with its suppliers in accordance with the BNP Paribas Group procurement policy & procedures.</p> <p>The Company is committed to driving out acts of modern day slavery and human trafficking within its direct business and supply chain. Some categories of products and services provided by third party suppliers may present risks in their supply chains.</p> <p>The Company has identified those categories and are carrying out additional due diligence, including extending our supplier questionnaires to cover the risks of slavery and human trafficking and requesting information about the supplier’s own policies and mitigation processes.</p> | <p>During the year the Executive Committee and Board received regular updates on the third party relationships the Company had concluded and the fact these were in accordance with the procurement policy & procedures.</p> <p>Confirmation was also provided that the suppliers had agreed with our policies in all legal contracts, including those in respect of modern day slavery and human trafficking.</p> |

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| Regulator | | |
| <p>The Company is registered and authorised by the Financial Conduct Authority (FCA)</p> | <p>The Company provides consumer credit in accordance with the requirements of the Consumer Credit Act and the FCA rules and guidance. The Company has taken part in FCA market studies and has updated its policies and procedures to reflect changes within regulation and the consumer credit industry.</p> <p>The Company defined the requirements of the FCA Consumer Duty as appropriate to its business and developed a project working group to ensure any amendments were implemented. The amendments were completed by 31 July 2023 and the Consumer Duty requirements are now a standard part of the Company operating mechanisms.</p> <p>The Company also implemented the changes required by the regulator to reflect the changing needs of the consumer credit market.</p> | <p>The Board was regularly updated on the Company regulatory activities including the requirements of the FCA Consumer Duty. The Board made decisions to ensure its relationships with customers and partners reflected its business requirements and those of its regulator.</p> |
| Trade Body | | |
| <p>The Company is a member of the Finance & Leasing Association (FLA) which is a trade body for the consumer credit industry.</p> | <p>The Company is represented on the FLA Board and attends FLA management committees as well as industry review committees that are appropriate to its business. The Company has provided feedback on changes in the industry, the proposed changes to the Consumer Credit Act and has contributed to the evolution of the FLA Lending Code, with which it complies.</p> | <p>The Board was advised of industry and legislative changes and the work FLA has undertaken to ensure its members were able to implement those changes effectively.</p> |
| Compliance | | |
| <p>The Company has key control functions that have independent escalation routes</p> | <p>The Legal, Risk & Compliance functions report directly to their counterparts within the group to provide independent oversight to the Company.</p> <p>The Company has developed its policies & procedures and the Compliance function undertakes a monitoring programme to check that the defined policies and procedures are being implemented effectively.</p> | <p>Regular updates are provided on compliance performance and the Board approves any action necessary to address any necessary changes.</p> |

Employee engagement

The Company regularly communicates with employees through various media and more information can be found in the s.172 statement on pages 1 & 2.

Suppliers, Customers and Others

The Directors are required to promote the success of the Company as a whole and, in doing so, have regard to a range of stakeholders. On pages 1 - 4 we have set out how we have engaged with our key stakeholders, including customers, suppliers and others in a business relationship with the Company, and how the Board has considered their interests during the year.

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Corporate Governance Statement

For the year ended 31 December 2023, the Company has chosen to comply with the Wates Corporate Governance Principles for Large Private Companies (the “Wates Principles”) published by the Financial Reporting Council in December 2018.

Principle One – Purpose and Leadership

The Board develops and promotes the purpose of the Company and ensures that its values, strategy and culture align with that purpose.

Principle Two – Board Composition

The Board is comprised of 4 directors which is considered appropriate for the size and complexity of the business. The Board is diverse and with an appropriate balance of skills, knowledge and experience as a result of the various capabilities and knowledge gained throughout their careers in financial services.

The composition of the Board is reviewed annually, including the individual directors’ skills and experience.

The Board of the Company has made the following commitment regarding diversity:

- annually review the balance on the Board and Senior Management Team of gender, age diversity, professional qualifications, experience and nationality to ensure that the skills necessary to understand and manage the risks, issues (including social and environmental) and potential developments in the Company are retained.

As at 31 December 2023, the Board consisted of 50% men and 50% women.

Principle Three – Directors’ Responsibilities

The Board and individual directors have a clear understanding of their accountability and responsibilities. There are clear governance policies and processes in place which support effective decision making and independent challenge (to align with the Wates Principles).

The Board met 3 times in 2023. Where responsibility has been delegated to a committee or individual, these are clearly established within the terms of reference or through delegations of responsibility.

The Board receives management information (“MI”) on key aspects of the business. The MI is constantly challenged and reviewed to ensure that the Board has access to relevant material including that on commercial & financial performance, strategy, risk, operational matters, compliance and health & safety.

Principle Four – Opportunity and Risk

The Board promotes the long-term sustainable success of the Company by identifying opportunities to create and preserve value (to align with the Wates Principles) and commercial opportunities and by establishing processes for the identification and mitigation of risk.

The Risk Management Framework, which has been adopted by the Company, promotes consistency with the Company’s business objectives and strategy, monitors risk against the Company’s risk appetite and ensures that appropriate levels of governance and controls are in place across the business. The Risk Management Framework provides an effective platform for the Board to make informed and robust decisions.

Principle Five – Remuneration

The Company’s objective is to set remuneration at a level that is:

- consistent with and promotes sound and effective risk management;
- does not provide an incentive to breach the Company’s conduct policies or code of ethics; and
- does not encourage risk taking that exceeds the Company’s risk appetite.

Principle Six – Stakeholder Relationships and Engagement

Within the s.172 statement on pages 1 - 4 the Company has set out how it has engaged with its key stakeholders and how the Board has considered their views and interests (to align with the Wates Principles) during the year.