

**LOWELL FINANCIAL LTD**  
**Section 172 statement**  
**Year ended 31 December 2019**

As detailed in Section 172 of the Companies Act 2006, all Directors of the Group must act in accordance with a set of general duties, summarised as follows:

A director of a company must act in the way they consider, 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

The following summarises how the Directors fulfil these duties:

***Our Strategic Priorities***

The Group has developed a strategy for the future, which is described using the five strategic priorities. The ones relevant to the Company are listed below:

*Customer Experience*

Build a brand that our customers can believe in and deliver a simple and stress free experience for every customer, no matter what their circumstances.

*People and Culture*

Making life at Lowell effortless, fun, supportive and engaging so our people can focus on delivering and being responsible for being their best every day.

*Client Experience*

Building strong relationships with our existing and potential clients, consistently adding value to our businesses.

*Operational Excellence*

Develop and deliver a flexible and tailored approach for our customers, clients and colleagues alike.

*Financial Strength*

Drive a leaner business by tightening our focus to deliver sustainable, profitable growth.

***Stakeholder Engagement***

By adopting the five strategic priorities above, we have formalised the relationships with our stakeholders, with the key stakeholders identified as:

*Customers (Customer Experience)*

We know that every customer's story is different and we seek to put their needs first. We will help find a solution for each customer's debt that suits them and helps them meet their goals. We engage with customers through a variety of channels, whether that is by letter, email, our UK-based engagement centres or our website.

*Colleagues (People and Culture)*

Our colleagues remain our largest asset and how they work to deliver the right customer outcomes on a daily business is critical to the success of the Group. Engagement with our colleagues is through a variety of methods, from regular face-to-face meetings with managers, colleague surveys, and regular 'town-hall' style meetings for communicating key messages.

*Clients (Client Experience)*

We believe that an open partnership with our clients based on trust is necessary to ensure what is best for the customer, our clients and us. We seek to build long-term sustainable relationships that allow us to help our clients manage customers who have moved into arrears. To do this we supplement our key relationship management activities with a mixture of feedback surveys and on-site visits. This has allowed us to build partnerships with leading businesses, particularly in our key sectors of e-Commerce, Financial Services, Telecommunications and Utilities.

**LOWELL FINANCIAL LTD**  
**Section 172 statement**  
**Year ended 31 December 2019**

*Regulators (Customer Experience and Operational Excellence)*

Our business operates within the oversight of a number of regulatory, authority and industry bodies, including the Information Commissioners Office (ICO), the Credit Services Association (CSA), the Office of Communications (Ofcom), the Office of Gas and Electricity Markets (Ofgem) and Water Services Regulation Authority (Ofwat). The main regulatory bodies are the Financial Conduct Authority (FCA), overseeing the debt purchase and debt collection activities. We encourage an active dialogue with each of our regulators, and engage in a range of face-to-face meetings, access to our operations (including call listening) and sharing of documentation to enhance greater communication and understanding between all parties.

*Suppliers (Operational Excellence and Financial Strength)*

Our commitment to Operational Excellence means that in each step of the business we consider whether any activity should be supplied internally or externally. We ensure that contact with each of our suppliers remains relative to their impact on the business, and carry this out through regular business reviews and a mixture of on-site and off-site meetings.

**Relevant Issues and Decisions:**

The following are the key decisions made in the year ended 2019, under each of the strategic priorities headings:

Our key focus within Customer Experience is how to encourage our customers to engage with us to help us understand their circumstances. We seek to do this by helping them better understand what we do, and improving the ways in which they can contact us. This has influenced the following activities during the year:

- › Re-launching both our websites to improve the customer experience
- › Introducing a customer feedback tool to collect insights on our online and offline customer journeys and giving real-time feedback to our agents
- › Qualitative research with our customers to understand more deeply the reasons for engagement and non-engagement
- › Encouraging customers to share their feedback online through Trustpilot, the world's largest consumer review website

During 2019, the Group has seen a number of changes, and key to People and Culture has been ensuring a clearer understanding of the opinions of our colleagues. Therefore, the following actions have been implemented to support this:

- › The introduction of 'Bright' points – a peer-to-peer rewards scheme
- › Enhancements to the intranet, allowing all colleagues to share their views, including posting blogs
- › Changes to our internal 'Voice' survey to better understand colleagues' opinions
- › The implementation of improved people development plans and career support
- › The launch of a new online training facility

The directors had identified that 2019 would be a competitively challenging year, and focussed our Client Experience efforts on clients with whom we had strong relationships:

- › Strengthening our position within the Utility sector
- › Improving our number of multi-year contracts for future sales of accounts ('forward flows') across all sectors

To meet the long-term aspirations of our key stakeholders, we continue to invest in improving our operational capabilities, building additional capability and resilience into everything that we do, including:

- › Developing new workforce management solutions
- › Increasing flexibility by outsourcing our IT services
- › Opening our Amsterdam branch 'Lowell Labs', an advanced analytics centre, which will help us better understand our customers helping us to tailor our engagement strategies to meet their individual needs

**LOWELL FINANCIAL LTD**  
**Section 172 statement**  
**Year ended 31 December 2019**

The core strength of the Group remains our ability to acquire and collect on non-performing consumer debt portfolios. To do so, we are committed (as part of the wider Garfunkelux Group) to improving our overall funding position, including:

- > Enhancing our securitisation facility on UK-owned assets by moving to a rolling facility
- > Delivering strong Cash EBITDA growth, enabling the wider Garfunkelux Group leverage to reduce to 4.0x – 3.5x by 2021-2022.

Approved by the Board of Directors and signed on behalf of the Board by:

J P Flaherty  
Director  
29 May 2020