

ERM Funding Plc

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Section 172 statement

The Companies Act 2006 (the "Act") sets out a number of general duties which directors owe to the company. Legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the company, while having regard to the matters set out in section 172(1)(a) to (f) of the Act.

In accordance with the requirements of Section 172 of the Act, the directors consider that, during the financial year ended 31 December 2022, they have acted in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act.

As a special purpose vehicle set up to enter into a securitisation transaction the governance structure of the Company is such that the key policies have been predetermined at the time the Company issued the bonds. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- a) the transaction documents, which cannot be changed without bondholder consent, have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company;
- b) the transaction documents only allow the Company to retain a minimal profit and due to the limited recourse nature of the structure, the returns to bond holders are limited by the cashflows received.
- c) the company has no employees;
- d) the Company is a securitisation vehicle and therefore a key stakeholder are the bondholders. The transaction documents determine the nature and quality of assets that can be securitised and how the cash flows from securitised assets are distributed. Relationships are also fostered with suppliers and others via professional third parties who have been assigned operational roles with their roles strictly governed by the transaction documents and fee arrangements agreed in advance. The Company has no customers;
- e) as a securitisation vehicle the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
- f) the Company maintains a reputation for high standards of business conduct via professional third parties who have contracted with the Company to provide specific operational roles. Fee arrangements have been agreed in advance and supplier invoices paid strictly in accordance with the transaction documents including a priority of payments, if applicable; and
- g) the Company has a sole member, with the entire issued share capital held under a discretionary trust for charitable purposes.