

Extract from the Strategic report of Custom House Financial (UK) Ltd for the year ended 31 December 2020 (from pages 4-6):

SECTION 172 (1) STATEMENT

This section is the s172(1) statement in accordance with the Companies Act 2006 (the "Act") and encompasses stakeholder engagement. Directors are required to explain how they had regard to the interests of key stakeholders and the broader matters set out in section 172(1)(A) to (F) of the Act when performing their duty to promote the success of the company for the benefit of its members as a whole. This includes considering how stakeholder interests have an impact on the long term success of the company. The Directors of the Custom House Financial (UK) Ltd (the "Company") have acted in accordance with their obligations codified in law, including the matters set out in section 172(1) of the Act.

The Company is part of the Western Union group of companies (the "Group", "Western Union"). Some of the matters to which the directors must have regard under section 172(1) of the Act are addressed by policies, procedures and practices set by the Group on an enterprise wide basis which apply to the Company and its Board.

The regulatory requirements and expectations to which the Company is subject provide a framework to demonstrate how the Board makes decisions for the long-term success of the Company and its stakeholders. The Board is accountable for overall oversight of the Company and has responsibility to ensure that the Company acts in accordance with the strategy, values, standards, and controls of the wider Group. Western Union is committed to operating with honesty and integrity and maintaining the highest level of ethical conduct. These values are embodied in our Code of Conduct and guide how we treat our customers, employees, agents and members of the public.

The Directors consider the impact of the Company's activities on a broad range of stakeholders including our immediate and ultimate shareholders, affiliated group subsidiaries, employees, regulators, partners, suppliers, and customers when making decisions. All matters which under the Company's governance arrangements are reserved for decision by the Directors are presented at board meetings. During the year, information was provided to the Board in a range of formats, including through reports on financial and business performance, risk, outsourcing, compliance, internal audit, legal and corporate governance matters. The Board is briefed on any potential impacts and risks for our key stakeholders and how they are to be managed. The Directors take these factors into account before making a final decision which collectively they believe is in the best interests of the Company in line with our purpose, values, and strategic objectives. The Board recognizes the importance of engagement effectively with our stakeholders in ensuring the delivery of our strategy. The Board acknowledges however, that due to competing priorities, not every decision will necessarily result in a positive outcome for all stakeholders.

The Board may delegate certain levels of authority to management, however, retains responsibility for providing effective oversight of the Company. During the year, the Board developed and enhanced its corporate governance framework by adopting Terms of Reference to assist in ensuring the Board continues to meet its duties and responsibilities to its stakeholders. Moreover, as part of its commitment to ensure the Company's governance structure is frequently analysed to ensure it meets best practice and all regulatory expectations, a review of the Company's governance structure was undertaken by an external firm of regulatory consultants in Q3 of 2020. Based on their recommendations, a governance enhancement plan for the Company will be worked on and completed in Q3 2021. The interests of our members are balanced against the needs of our employees, customers and other stakeholders and the community to ensure we are conducting all our business relationships with integrity. The long-term sustainability of the Company is at the forefront of decision-making.

While the Board may sometimes engage directly with the Company's stakeholders on certain issues, the size and distribution of our stakeholders and of Western Union means that stakeholder engagement often takes place at an operational or group level. This allows us to achieve a greater positive impact on environmental, social, and other issues. At a group level, stakeholders are routinely engaged with on a wide range of matters including delivery of group strategy, compliance with group policies, corporate governance, regulatory and operational matters in relation to the delivery of the Western Union's services, to ensure we provide the appropriate level of service to our clients and that the Group operates high standards of business conduct and governance. For details on how the Western Union group engages with its stakeholders and how stakeholder interests are considered in reaching certain key strategic decisions please see The Western Union Company Annual Report and Accounts. The Board will continue to review how the Company can improve engagement with its employees and stakeholders and further enhance its decision-making processes in line with section 172(1) of the Companies Act 2006.

Western Union is a global leader in cross-border, cross-currency money movement and payments, with approximately 11,000 employees residing in more than 50 countries. The Company directly employs 144 individuals. Western Union is committed to promoting human rights through our shared values of trust and respect and by giving back to the global communities we serve. This commitment benefits our employees, customers, and the communities where we operate.

Our Code of Conduct applies to all employees and describes how we work, both as individuals and together as an organization. It addresses areas including our prohibition against discrimination, harassment, and retaliation; disclosing conflicts of interest; treating customers with integrity and respecting customer privacy; respecting confidential information and intellectual property; working with stakeholders; and complying with all applicable anti-bribery and anti-corruption laws and regulations. The Code also describes our shared values—to be purpose driven, globally minded, trustworthy and respectful. Complying with the Code of Conduct is a condition of employment and employees receive relevant training at least annually.

All Western Union employees, including those employed by the Company, are encouraged to participate in employment engagement surveys which are conducted on a regular basis to provide real-time feedback to help leaders and management understand employee concerns and values.

Certain board members and senior leaders dedicate time to meeting with regulators. This interaction helps the Company learn first-hand from regulators about matters of importance to them and their expectations of the Company. It also gives the Company's Board and management a forum for keeping our regulators well-informed about the Company's performance and business practices. In particular, there was much interaction between the Company and the UK Financial Conduct Authority ("FCA") during Q1 and Q2 of 2020 as the FCA sought to determine the impact of the Covid-19 pandemic on the Company. The Company welcomed the opportunity to discuss various issues with the FCA during this interaction and felt that the interaction was positive and demonstrated the Company's aim to be transparent and cooperative with its regulators.

Under the FCA Principles, a firm must deal with regulators in an open and cooperative way and must disclose to the FCA appropriately anything relating to the firm of which that the regulator would reasonably expect notice. In adhering to this principle, the Company's Directors and managers meet with the FCA to discuss matters relating to the regulatory supervision of the Company.

The Company has a Modern Slavery and Human Trafficking Statement to comply with the UK Modern Slavery Act 2015 that condemns activities facilitating modern slavery or human trafficking which is updated and approved by the Board annually. We condemn modern slavery and human trafficking and expect all those involved in procurement or other parts of our business, including suppliers, to comply with these values. We are committed to acting ethically, demonstrating high professional standards, and complying with applicable laws and regulations.

We expect the same high standards from those with whom we do business. Our Code of Conduct also explicitly condemns human rights abuses and prohibits the use of forced or involuntary labor.

Western Union puts the customer at heart of everything we do. The Company strives to treat all customers fairly with all Board decisions taken with the customer in mind. The Company develops and maintains robust relationship management processes through its dedicated portfolio account managers and regular sales cadence.

The Board pays careful consideration to the Company's relationships with its banking partners, including through Board reporting.

Western Union believes we can be more successful when we operate according to the highest ethical standards, address unmet social needs and promote the well-being of our consumers, their communities and the environment. In recognition of these values, Western Union has begun publishing an Environmental Social and Governance report to highlight the Group's work in areas including connecting people to the global economy, fostering a culture of ethics and inclusion, moving money with integrity, governing and managing for success, safeguarding our shared environment, and advancing global opportunity through the Western Union Foundation.

Western Union recognizes that the costs of corruption often impact the communities we serve, and, therefore, is committed to being part of the solution to this important global issue. The Group strictly prohibits bribery or corruption in any form by any employee, Agent, or third-party acting on behalf of Western Union and has a Global Anti-Corruption Policy in place that is applicable to all group entities, employees, and third parties performing services on our behalf which may involve corruption risk.

Western Union's Conflicts of Interest Policy is designed to encourage openness, transparency, and objectivity in our work for Western Union. It is intended to help the Group avoid potential and/or actual conflicts. This matters to employees and to customers because it builds trust and supports ethical behavior.

For further information on the corporate governance disclosures made by the Group, please see <http://ir.westernunion.com/investor-relations/corporate-governance/>

A copy of this statement is available on <https://business.westernunion.com/en-gb/>