

## **ASDA Financial Services Limited**

### **Section 172**

The following sections serve as the Section 172 statement of ASDA Financial Services Limited (the "Company"), pursuant to the requirements of The Companies (Miscellaneous Reporting) Regulations 2018. Section 172 of the Companies Act 2006 ("CA 2006") recognises that whilst companies are run for the benefit of their shareholders, a business's long-term success and reputation are dependent upon maintaining relationships with stakeholders and an appreciation of the external impact of its activities.

The directors of the Company (the "Directors") are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the CA 2006 and are keen to ensure proper reflection on stakeholder engagement and issues at Director level and promote continuous reflection on opportunities for development.

The Directors of the Company meet quarterly and regularly review the Company's principal stakeholders and how the Directors engage with them. The sections below set out a more detailed summary of the Company's relationships with its key stakeholders and how the Directors engage with those stakeholders.

The outcome of stakeholder engagement generally influences the formulation and ongoing review of the long-term strategy and financial planning to ensure that the Company's approach continues to deliver sustainable returns and promotes reputational reward. The Directors aim to take the needs and priorities of each stakeholder group into account as part of their decision-making processes, recognising that the pertinence of a particular stakeholder group may vary depending upon the matter under discussion.

### **Key Stakeholder Engagement**

#### *Investors*

The Company's investors during the year, ASDA Group Limited and ultimately, Walmart, Inc. ("Walmart"), were key stakeholders. The investors were providers of capital which allowed the Company to deliver long-term success.

Where the interests of Walmart were relevant to a decision of the Company, the Directors may have engaged directly with Walmart. The International Financial Services team (which sits within Walmart) provided guidance on how the Directors implemented the Company's local Risk Management Framework and ensured this was in line with the Walmart policy.

#### *Suppliers*

The Company enters into a number of partnership agreements with its suppliers ("Partners") covering a variety of customer facing products such as insurance, credit cards, travel money and other services.

Each Partner is assigned a product manager who manages the relationship between the Partner and the Company. The product manager feeds back any pertinent information with regards to the relationship with the Partner to the Directors which ensures that the Partner's views and opinions are taken into account when the Company makes decisions which are relevant to the Partner. Additionally, joint business plans are agreed with Partners to ensure that the partnerships cater for the needs of both the Company and the Partners.

#### *Customers*

The Company conducts market research where relevant in order to better understand the needs of its customers. The results of this research are fed back to the Directors and where applicable are factored into the decision making of the Directors.

Suppliers also provide detailed 'scorecards' covering key performance indicators which measure the quality of the service provided to the Company's customers by the Partner. The Directors review these key performance indicators during their quarterly meetings. This ensures that the Directors are aware of customers' concerns which allows for targeted improvements to the customer experience.

Additionally, the Financial Conduct Authority ("FCA") sets out within its principles that customers must be treated fairly. These principles include:

- Fair treatment of customers is central to the corporate culture of the Company;
- Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly;
- Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale;
- Where consumers receive advice, the advice is suitable and takes account of their circumstances;
- Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect; and,
- Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

The Company ensures that itself and its Partners adhere to these principles and this is monitored by the Directors through the information they receive during their quarterly meetings. Failure to adhere to this principle may result in fines, sanctions and loss of reputation for the Company.

#### *Employees*

The Company has no employees.

#### **Key Principal Decisions**

During the year, the Group has approved several contract renewals to ensure continued supply of key services to ASDA customers, which are managed by this Company. The Group approved the renewal of the relationship with Barclays to continue to provide 1,050 Automated Teller Machines ("ATM's") and the renewal of the contract with PayPoint for bill payment in store. In 2020, there were significant transactions via these essential services driving footfall to the Group's stores.

Additionally, the contract with FiServ for B2B Gift Card services was approved for renewal. In 2020, ASDA won 40% market share of the Free School Meal gift vouchers issued resulting in an increase in sales for the Group. Also through the relationship with FiServ, ASDA was the first supermarket to offer a volunteer shopping card allowing customers to shop for others who were having to shield due to Covid-19; over 360,000 cards were issued in 2020.